



Prime Minister (2)

2 MARSHAM STREET
LONDON SW1P 3EB
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MS 22/10

My ref:

Your ref:

10 October 1982

Dear Betty

MS

PRIVATISATION AND CONTRACTING OUT

The Prime Minister's minute of 29²³ July asked us to report to you on further opportunities for privatisation. In your minute of 11 August you then asked for a further report on contracting out, making specific reference to local government and to the NHS.

I had already put in hand work covering the whole range of opportunities from full privatisation to contracting out following receipt of the Prime Minister's original request and our discussions and MISC 14 on 29 July (MISC 14(82)3rd). On receiving your request I decided that, rather than draw too rigid a distinction between privatisation and contracting out, it would be preferable to allow the work to continue and present a full report on both as soon as possible. This means that we have advanced slightly the appraisal of local government services ahead of your October deadline.

// I am therefore enclosing 2 papers. The first deals with the DOE, Ordnance Survey and related public bodies (excluding local authorities). The second deals with local government.

I should appreciate an early discussion with you on how best to take forward the discussion with colleagues.

I am copying this to the Prime Minister, to members of E and to Sir Robert Armstrong.

Yours ever
Michael Heseltine

MICHAEL HESELTINE

CONFIDENTIAL

PRIVATISATION AND CONTRACTING OUT IN LOCAL GOVERNMENT
STATE BY THE SECRETARY OF STATE FOR THE ENVIRONMENT

1. This paper reports the progress we have made since we took office in both privatisation and contracting-out in local government. In the services for which I have Departmental responsibility we have so far:

- i. dramatically increased the sale of council houses. By April 1984 up to two-thirds of a million houses (out of perhaps 1.5m potentially in the market in Great Britain) will have been sold to sitting tenants under Right to Buy;
- ii. forced local authority direct labour organisations (DLOs) to compete with the private sector for construction and maintenance work; and
- iii. seen the beginnings of a transfer of refuse collection and street cleaning services to private firms (Southend and Wandsworth are the leading examples).

2. In each of these areas there is more to do. In housing I want to achieve a still higher rate of sales of vacant local authority dwellings by changes in the subsidy rules and by some legislative changes. The contracting-out of housing management is a major new area of local government activity for privatisation in which I intend to exert what influence I can on authorities to set an example. I also want to see more building professional services being provided for local authorities by the private sector rather than be carried out by local authorities in-house staff. An important step forward in this area will be the introduction of the option of private sector building control certification in next Session's Housing Bill.

3. For DLOs I want to see further reductions in the amount of new work and maintenance work that can be done without competition below

the £50,000 and £10,000 thresholds respectively as from 1 April 1983, and to allow tenants to do more minor repairs themselves.

4. In refuse collection and street cleaning my colleagues and I will increase, over the coming months, the work of persuasion to which we have already devoted much effort and which is now beginning to show the first results. I have accepted an invitation to address a conference in November organised jointly by the CBI and the Local Government Chronicle at which representatives of local authorities and of contractors will discuss the lessons not only of recent experience in such places as Southend and Wandsworth but also of contracting-out other services.
5. There are varying degrees of scope for increasing contracting-out in the other DOE local government services - land use planning, sport and recreation, countryside functions and minor environmental services.
6. Further details for all these services are set out in the annex.
7. For all the services for which I am responsible I have asked my officials to examine in detail the scope for further development in the involvement of the private sector and the means by which it can be secured. In particular I have in mind the production, for each service, of a short handbook which would help local authorities to deal with the practical problems involved in the contracting-out of services.
8. I believe that a similar approach would yield valuable results in local government services for which other Departments are responsible.

MH
19 October 1982



HOUSING

Ownership

By April 1984 up to two thirds of a million council houses in GB (out of perhaps 1.5m potentially in the market) will have been sold to sitting tenants under Right to Buy. In addition, there is government encouragement for the improvement for sale, homesteading and the sale of vacant properties. Legislation is being prepared for the next Session to extend RTB.

Management and Maintenance

Repairs and maintenance work is subject to the compulsory competitive tendering provisions of the Local Government and Planning Act 1980. Ministers are considering the scope for increasing the amount of work to be subject to the provisions. Day-to-day repairs are contracted out wholly or partially by some authorities but not others. Guidance will shortly be issued to all local authorities on the substantial scope which exists under present legislation for more small housing maintenance work to be carried out by the tenants themselves. Some 150 authorities use Giro for rent collection. On housing management generally we propose to explore with selected authorities the scope for contracting out the entire management of council estates, subject to appropriate reservations or safeguards for the exercise of LA democratic functions (eg rent fixing, clearance and improvement), statutory duties (eg homelessness) letting policies, tenants' rights and social welfare matters.

(2)

Direct Labour Organisations:

1. Part III of the Local Government Planning and Land Act 1980 introduced legislative controls over all construction and maintenance work undertaken by directly employed local authority staff (DLOs)

2. In essence the controls oblige DLOs to operate on a trading fund basis and to compete with private sector construction firms for a substantial proportion of their work. The main features are:

- (i) All income and expenditure must be properly accounted for in separate DLO accounts.
- (ii) DLOs must operate so as to cover all their costs and in addition make a positive rate of return (currently 5% in CCA terms) on capital employed.
- (iii) DLOs must compete with contractors for
 - (a) Highways and Sewerage work:
 - all jobs of new construction or maintenance individually valued at over £50,000.
 - (b) All other building work:
 - all jobs of new work individually valued at over £50,000, and one third (by total value) of jobs below this threshold;
 - all jobs of maintenance individually valued at over £10,000, and 30% (by total value) of jobs below this threshold.
- (iv) DLOs must prepare prior written estimates for all jobs undertaken, and may not credit more than these amounts as their income.
- (v) DLOs must publish balance sheets, revenue accounts, and statements of rate of return achieved giving a true and fair view of their activities; and, in addition, an annual report on their DLO activities.
- (vi) The Secretary of State has powers to call for special reports from individual DLOs which fail to perform satisfactorily, and may thereafter impose special conditions on them or close them down.

3. Consideration is being given to further reductions as from 1 April 1983, of the amount of new work and maintenance work that can be done without competition below the £50,000 and £10,000 thresholds ((iii) above). (The thresholds are set ~~out~~ by Order).

3) LOCAL GOVERNMENT BUILDING PROFESSIONAL SERVICES
(ARCHITECTURAL, SURVEYING AND ENGINEERING)

Contracting Out

Most local authorities already contract out varying amounts of their building professional mainstream services. Private practice is extensively used to supplement an authority's own in-house capacity or to obtain a particularly specialised professional expertise. We are discussing with local authorities the implementation of the Monopolies and Merger Commission ruling on competition on professional fees. This should lead local authorities to compare the costs of their in-house service with competitive bids from private consultants.

Privatisation

One London borough has privatised its architectural services using a private practice set up by professional staff previously employed by the authority. A number of authorities, particularly the small district councils which have no consistent demand for quantity surveying and (to a lesser extent) architectural services, maintain no in-house capacity and use private practice as the need arises. A few others, (eg Birmingham) are now exploring the possibility of privatising professional building services as part of their wider consideration of the scope for privatising or contracting out a range of services.

The responsibility of professional staff in this area may include financial appraisal of local authority capital investments, the supervision of commissions and preparation of design briefs.

(4) REFUSE COLLECTION, CLEANSING AND WASTE DISPOSAL

<u>Activity</u>	<u>Present Position</u>	<u>Scope for Further Development</u>
<u>Refuse Collection</u>		
Power to collect household waste without charge and trade and other refuse at a reasonable charge (Sections 72 and 73 Public Health Act 1936).	Majority of household waste collected by District Councils, with some collected under contract e.g. Southend, Wandsworth etc Collection of industrial waste almost entirely in private sector hands.	Extension of <u>Contracting out</u> could be achieved by developing performance controls akin to those applied to DLOs by L.G.P. Act 1980. Details would need further study but might include enforcing acceptance of lowest tender and mandatory code of practice on tendering procedures.
<u>Street Cleansing</u>		
Duty on local authorities to cleanse highways for purposes of public health/road safety. Standard at discretion of local authority/ courts (Section 22, Control of Pollution Act 1974)	Majority District Councils with recent examples of contracting out e.g. Wandsworth, Southend etc	Ditto
<u>Waste Disposal</u>		
Power to enable local authority to provide places for deposit of refuse and plant or apparatus for treating/disposing of waste. (Section 76 Public Health Act 1936. Duty to make adequate arrangements under Section 1 Control of Pollution Act 1974 not yet implemented) Control and monitoring duty (imposed by licensing provisions of Control of Pollution Act 1974)	Disposal of industrial waste already in private sector hands. County Councils provide majority of disposal outlets for household waste although a proportion of transport routes and disposal sites in private sector hands (e.g. London)	Increase private sector provision of disposal facilities, by <u>contracting out</u> , through extension of performance controls on local authority operations. Feasibility needs further study. Also possible scope for contracting out technical element of local authority monitoring function

(5) PLANNING

Activity

Preparation of structure and other plans under Town and Country Planning Acts and carrying out of related studies.

Present Position

Function of county and district councils. Some use already made of consultants to carry out studies.

Scope for Further Development

Possible further scope for contracting-out planning studies, but authorities should not be encouraged to commission elaborate and expensive surveys.

(6) SPORT AND RECREATION SERVICES

Activity

Provision and management of facilities (swimming pools, sports centres, golf courses etc)

Present Position

Some contracting-out of management

Scope for Further Development

Increased contracting-out of management of facilities, including involvement of voluntary sector.

(7)

COUNTRYSIDE AND RURAL AFFAIRS

ACTIVITY	PRESENT POSITION	SCOPE FOR FURTHER DEVELOPMENT
'Countryside' functions	Local authorities provide various facilities, eg country parks, picnic sites, caravan sites, car parks and study centres. Some existing private sector provision.	Possible scope for more privatisation, and contracting of ancillary services and maintenance. But some facilities (eg country parks) have to make self-supporting and charges would detract from role in diverting demand from areas subject to heavy recreational pressures.
Allotments	80% of allotments provided by local authorities; less than 20% by private associations.	May be some scope for increased private (including voluntary) activity. Likely to be highly controversial.
Paths, Bridleways tree preservation	Probably some contracting out of maintenance.	Could be scope for further contracting out of, mainly, maintenance functions and possibly of some administrative tasks.

(8) MISCELLANEOUS ENVIRONMENTAL SERVICES

ACTIVITY	PRESENT POSITION	SCOPE FOR FURTHER DEVELOPMENT
Public Conveniences	A small number of authorities are known to have contracted out maintenance and staffing of conveniences.	Considerable for contracting out. But with prevalent levels of vandalism, a new regime would be likely to involve a new approach to the level of charges for use.
Public Laundries and non-swimming baths	The public provision of these services is in decline with the availability of laundrettes and private facilities.	Little further scope: privatisation already very substantial.
Markets	Some authorities have already handed over the operation of their markets to private firms. These are presumed to be markets operated under charter or presumed charter. The position of markets acquired or established under public general Act powers or acquired or established under local Acts is less certain. Markets established under public general Act powers cannot at present be leased.	Considerable in principle, but would be controversial.

NOTE BY THE SECRETARY OF STATE FOR THE ENVIRONMENT

PRIVATISATION AND CONTRACTING OUT OF SERVICES IN
DOE(C), PSA, ORDNANCE SURVEY AND RELATED PUBLIC BODIES
(EXCLUDING LOCAL GOVERNMENT)

Introduction

Much has already been done to reduce the involvement of the Government in particular, and the public sector in general, in the services for which my Department is directly or indirectly responsible. This has been achieved mainly through the contracting out of services but also by the hiving off of functions to independent bodies or to private companies. A summary of the present position is given in the attached schedule.

Definitions

For the purposes of this paper the definition of 'privatisation' has been drawn widely to include not only the transfer of responsibility for particular services to the private sector, but also transfers from the Department to new independent bodies. 'Contracting out' indicates the transfer of service delivery to private agencies and also covers new joint ventures involving public and private finance. These terms have been employed in the attached schedule, which also distinguishes between achievements to date (at 1.9.82) and proposals in hand or under investigation, noting in particular what will have been achieved by the end of this financial year.

The functions listed are those of DOE(C) (including common services also provided to DTp), the Property Services Agency, the Ordnance Survey and related public bodies - but exclude the work of local government (which is the subject of a separate paper).

Privatisation

The main privatisation initiative, in the first sense, has been the setting up of a private company to take over the activities of the Hydraulics Research Station (at present 250 staff are still on secondment from the Department). The Countryside Commission became an independent body on 1 April and the decision to set up a new public sector agency to bring together a number of existing bodies dealing with ancient monuments and historic buildings, which I announced on 16 June, will, subject to the successful passage of legislation, lead to a reduction in Civil Service posts of 1,000 or more. It will also provide a great opportunity to improve the standard of care of the Nation's heritage and incidentally to reduce by at least one the number of public sector bodies in this field.

Officials have been instructed to take a further hard look at the scope for privatisation in the water industry. We are holding open the possibility of a major privatisation project in the Mersey area. We have also had initial contacts with Thames WA about possibilities in their area and shall shortly be approaching other authorities. We have compiled a list of private firms with the known expertise to construct and run major installations and are starting to explore with them in general terms the problems that are likely to arise with privatisation. The water authority objectives recently agreed by colleagues have now been sent to Chairmen and the opportunity of a recent meeting with Chief Executives was used to draw their attention to the importance which Ministers attach to the extension of suitable opportunities for private sector participation. We intend to study French practice, where private companies play a major part in the provision of water services, to see what lessons it holds for us.

Contracting out

PSA's work is already very substantially contracted-out, including all new construction work, 80% of maintenance, 40% of design work, and all property marketing. In all £1,950m of 1982/3 forecast spend of £2,150M (ie 90%) will go to private contractors, consultants

and suppliers. This reflects policies we have implemented since 1979. Further progress including out-house design work rising to 60% is planned, as summarised in Section II of the table.

I expect water authorities to contract out as much as possible of their functions: 90% of capital works and 30% of design and supervision work are already contracted out. Possibilities for the future include leasing recreational facilities and fishing rights, and contracting out operations such as sludge disposal, plant maintenance, emergency repairs and the design, construction and operation of major new works. The water authorities are already doing some of these things but I am setting in hand further work on the extent to which contracting out already takes place in the water industry and to ensure through the exchange of information that all water authorities do so where the benefits are clearly established - I have specifically asked for DLO work to be included in this review.

Other examples are the development work of the Ordnance Survey (section III of the table) and, in a somewhat different context, the arrangements that I have put in hand for the greater use of private consultants in the planning inspectorate. There is scope for further developments of this kind, especially in the PSA.

The involvement of private finance in joint ventures has been achieved by the Ordnance Survey and is a feature of our inner city initiatives. Elsewhere I have backed an experimental environmental improvement scheme mounted by the Countryside Commission to involve private interests in the rehabilitation of derelict land on the fringe of towns.

MINIS

I have been able to use MINIS as a means of prompting and monitoring progress in these fields but in the next round, which is about to begin, there will be a specific instruction for each directorate to consider the scope for further privatisation and contracting out.

Next Steps

Meanwhile there is much further work to be done on the development of initiatives already identified, and if colleagues are content with the proposals illustrated in this paper and its annex officials will continue as indicated.

MH
Department of the Environment
October 1982

PRIVATISATION AND CONTRACTING OUT: DOE(C), PSA, ORDNANCE SURVEY AND RELATED PUBLIC BODIES
 (EXCLUDING LOCAL AUTHORITIES)

I DOE(C)

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
1. <u>Establishments*</u> a) Cleaning Services		<p>Cleaning services have been put out to contract in all major buildings for which DOE(C)/DTp are responsible, except the northern Regional Office, the Metropolitan and Northern Traffic Area Offices (DTp), the Building Research Establishment and the Residential Training Centre at Cardington. Negotiations with the Civil Service Union and private contractors are in train to switch to contract cleaning at these five remaining locations.</p>		<p>Complete the negotiations to switch to contract cleaning at the five locations mentioned, saving 49 full-time and 157 part-time posts by April 83.</p>

I DOE(C) - Continued

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
<p>2. <u>Historic Buildings and Ancient Monuments.</u></p>	<p>Legislation is being prepared for the 1982/83 Session to set up a non-Government public sector agency to carry out certain of the Secretary of State's functions in the ancient monuments and historic buildings field. The proposal will result in a reduction in Civil Service manpower of about 1,000.</p> <p>b) It is hoped in the same legislation to convert the Armouries at HM Tower of London to Trustee status. 66 staff involved.</p>	<p>a. Action in hand to contract out certain non-horticultural activities in the Royal Parks (toilet attendants, some litter collection) with a potential saving of some 45 Civil Service posts.</p> <p>b. 40 private contract Inspectors and 40 employed by County Councils are being used for the accelerated resurvey of historic buildings.</p> <p>c. Proposals are being considered for rationalising the direct labour force which maintains ancient monuments, and carrying out more work at the monuments by private contractors.</p> <p>d. Golf Courses at Richmond Park (10 Civil service posts.</p>		<p>Examination in hand of the scope for contracting out further activities in the Royal Parks. It will be well advanced by April and could be complete by July 83.</p>

I DOE(C) - Continued

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
<p>3. <u>Planning</u></p> <p>a) Cartographers</p> <p>b) Planning Inspectorate</p>		<p>e. Some 50% of design work for projects at ancient monuments is now put out to private sector.</p> <p>The Inspectorate's present part-time force of about 50 includes 12 consultants in private practice. On the Secretary of State's instructions the total part-time reserve is being increased to 100 by taking on more private consultants. Phased recruitment of the extra consultants is now under way</p>	<p>The Department's Cartographic Service is the subject of a Rayner Scrutiny which is due to report in November, and decisions on this will be taken by April 83.</p>	

I DOE(C) - Continued

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
c) Departmental Research		<p>The policy of increasing the proportion of extra-mural research commissioned in the private sector has been temporarily reversed in 1981/82 by virtue of the large expenditure on radioactive waste research. At the present time only public sector contractors have the necessary facilities and expertise to execute this programme.</p>		<p>The Department will continue to aim for the target of 50% of our extra-mural research being contracted to the private sector by 1983/84. Effort will be concentrated on finding suitable contractors in the environmental protection and radioactive waste areas which in 82/83 employ public sector bodies for the majority of their research work.</p>

II PROPERTY SERVICES AGENCY (PSA)

1 FUNCTION	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
<p>a) Property Maintenance</p> <p>b) Design of major (£100k+) projects</p> <p>c) Estate Work</p>		<p>Directly employed labour force (DEL) cut from 18,200 in April 1979, to 13,000.</p> <p>80% of work now contracted out.</p> <p>In-house staff cut from 2500 in 1979 to 2000. Private consultants' share of design work raised from 26% to 40%.</p> <p>Increased use of private agencies for:</p> <ul style="list-style-type: none"> - Rent reviews - Property Marketing - Property Search - Building Measurement. <p>Total fees 1982/83 (forecast) £2.5m. (1979/80, £238,000).</p>		<p>Policy decision already made to confine DEL to work which cannot be contracted out (eg running of high-security defence installations). This process is in hand and will continue as appropriate.</p> <p>Action in hand to cut in-house staff to 1600 by April 1984. This will raise consultants' share to 60%+, on current forecast of workload.</p> <p>Further experimental commissions in these and other estate fields to test costs and performance.</p>

II PSA

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
d) Technical Services	"Construction" magazine, PSA's technical journal, sold as going concern to private publisher.			
e) Custody Guard Service for Government Departments.				PSA reviewing user Departments' requirements in consultation with MPO Security Branch. Review will cover scope for greater use of private contractors. Completion end October 1982.
f) PSA Supplies		Delivery of goods, packing for overseas freighting, and furniture repair* entirely contracted out. Increased use of private vehicle repair firms. *Except for a small workshop serving Palace of Westminster		

III ORDNANCE SURVEY

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
a) General	A Trading Fund is proposed to be set up from 1 April 1983, subject to an Order requiring Affirmative Resolution (This will permit a more commercial approach but not true privatisation)		Experience with Trading Fund may reveal scope for some true privatisation, but not in this Parliament's lifetime.	
b) Establishments		Goods vehicle deliveries to field offices £49k. Office cleaning £149k.		
c) Finance		General ledger Accounting system £41k.		

III ORDNANCE SURVEY - Continued

1 FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
d) Mapping		Digital Mapping Software Development £29k. 1:1250 mapping (pilot contract) £52k. 1:2500 map revision (pilot contract) £38k.		Dependent on results of pilot contracts and on resources which can be devoted to revision of survey (but not before April 83).
e) Aerial Photography		100% normally sub-contracted (£124k. placed since 1 April 1982).		
f) Joint Ventures with Private Sector in Printing and Cartography		£371k. placed since 1 April 1982		Seven new ventures under examination, if commercially viable some will have been implemented by April 83.
g) Building Maintenance			See PSA Sheet	

IV NON-DEPARTMENT PUBLIC BODIES (Other than Local Government)

FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
1. <u>Water Authorities</u>	Private finance route for Mersey Scheme explored; preliminary exchanges with Thames WA on possible schemes; list of private firms with known expertise prepared; further discussions to be arranged.	90% of capital works already contracted out; 30% of design and supervision work contracted out; other functions contracted out to a lesser extent.	Continue to explore scope for privatisation with TWA, NWWA other WAs and private firms and complete initial assessment of viability by April 83; study French practice.	Establish by end of 82/83 present extent of contracting out (including DLO work); ensure all RWAs do so where benefits have been clearly established. TWA pilot scheme for major project will have been formulated by April 83.
2. <u>British Waterways Board</u>			Proposals will be prepared before the end of 82 for further consultation with BWB and interested Departments regarding disposal of diverse BWB freight interests and non-operational estates. BWB will also be encouraged to increase private investment in amenity developments wherever possible on lines identified in a recent consultants report.	

IV NON-DEPARTMENTAL PUBLIC BODIES (Other than Local Government) - Continued

FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
3. <u>New Towns</u>	<p>The disposals programme is gradually transferring the new towns' property management function to the private sector. Since 1979 £280M worth of commercial and industrial property and 17% of the housing stock have been sold. Their development function now relies substantially on partnerships with the private sector.</p>	<p>A squeeze on manpower numbers in the new town Corporations has been applied: the total of staff employed has fallen by nearly 20% since 1979. The contracting out of maintenance work, already widespread, has been extended. New professional work, especially legal matters resulting from the disposals programme, has also been put out to contract.</p>	<p>Continuation of substantial disposals programme.</p>	<p>Continued use of consultants for new work and to replace where necessary staff who leave voluntarily. Continued pressure to reduce staff numbers.</p>

IV NON-DEPARTMENTAL PUBLIC BODIES (Other than Local Government) - Continued

FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
4. Countryside Commission	<p>On 1.4.82 became non-Departmental body no longer agent of the Crown. 101 Civil Service posts will be saved. (Commission have now sought public comments on a Prospectus for their style of working under new status which aims at giving greater support to the voluntary bodies and private sector.</p> <p>Operation Groundwork in St Helens is major initial example of conservation in conjunction with private sector).</p>		<p>Would need further discussion with Commission following their public consultation on Prospectus (which is now complete). Could possible examine scope for contracting our some research (£500,000 pa) and information services expenditure (£220,000 pa).</p>	

IV NON-DEPARTMENTAL PUBLIC BODIES (Other than Local Government) - Continued

FUNCTIONS	2 ACTION TO DATE (1.9.82)		3 POSSIBILITIES FOR FURTHER ACTION (and Progress expected by April 83)	
	i) PRIVATISATION	ii) CONTRACTING OUT	i) PRIVATISATION	ii) CONTRACTING OUT
5. Nature Conservancy Council	Land purchase as nature reserves NCC encourages voluntary organisations (and industry) to purchase sites requiring protection. NCC will grant aid such purchases as an alternative to purchasing the land themselves.	NCC seeks cheapest solutions eg last annual report printed privately rather than by HMSO.	NCC is non-Departmental body staffed by non-civil servants. Forthcoming Rayner Review (due for completion before April 83) should indicate whether material scope for privatisation. Could examine scope for contracting out research.	
6. Audit Commission	Legislation enacted to establish Commission (to be fully operational by April 83)			This will increase scope for auditing to be done by private sector (but not before April 83).

Handwritten notes in the top right corner, possibly including "10/20/82" and "P. 11".

20 OCT 1982
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