

Pashament: PM's Questions July 79



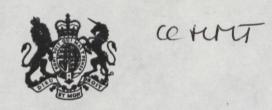
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From the Private Secretary

15 November 1983

Jonathan Spencer wrote to Michael Scholar on 3 May about the arrangements by which the Prime Minister is alerted to potentially sensitive public purchasing issues in advance of their becoming public. In his reply Willie Rickett undertook to review the operation of these procedures in about six months. I am writing to let you know that as far as this office is concerned the arrangements have proved themselves very effective and we would wish to continue them.

I am sending a copy of this letter to Margaret O'Mara (H.M. Treasury).

Tim Flesher

Callum McCarthy, Esq., Department of Trade and Industry.

13 May 1983

Public Purchasing: Prime Minister's Questions

Thank you for your letter to Michael Scholar of 3 May following the conversation we had about briefing the Prime Minister on public purchasing cases. I know the Prime Minister will be grateful for the arrangements which you have made to ensure that she is properly briefed on controversial cases. We will certainly review the operation of these procedures in six months or so and let you know how useful we have found them.

I am copying this letter to Margaret O'Mara (H.M. Treasury).

WILLIAM RICKETT

Jonathan Spencer, Esq., Department of Industry.

Secretary of State for Industry

JU584

Michael Scholar Esq Private Secretary to the Prime Minister 10 Downing Street London SW1

Dear Michael,

DEPARTMENT OF INDUSTRY ASHDOWN HOUSE 123 VICTORIA STREET LONDON SWIE 6RB

TELEPHONE DIRECT LINE 01-212 3301 SWITCHBOARD 01-212 7676

3 May 1983

Mr Richett

Over to you.

Mrs 4/5

PUBLIC PURCHASING : PRIME MINISTER'S QUESTIONS

You will recall that after the recent CEGB barge case, we discussed how the Prime Minister might be provided with more systematic briefing in advance on public purchasing cases which are liable to give rise to public concern and, hence, to questions in the House.

- 2 I attach a copy of the letter which I have now circulated to all Departments asking for their help in identifying and briefing on potentially controversial cases. I would again emphasise that no such system be entirely foolproof and there will undoubtedly continue to be cases which slip through, either because Departments have not been told of impending orders or sometimes simply because orders are given far more prominence than could be reasonably foreseen. However, I hope that what we are proposing to Departments will result in an improvement in the present situation. As a "belt and braces" operation, Department of Industry Sponsor Divisions are being asked separately to be alert to this need for briefing in cases of which they may themselves become aware. Since this procedure is being introduced for legitimate briefing purposes and is not confined to cases involving prospective foreign purchases, we see no reason why it should be held to be objectionable under the Treaty of Rome if Brussels became aware of it.
- 3 It would be useful to know, say, in six months time, the extent of briefing provided as a result of this early warning procedure and your perception of its usefulness.
- 4 I am copying this letter to Margaret O'Mara in the Chancellor of the Exchequer's Office. Yours sincerely, Journalham Spences

JONATHAN SPENCER Private Secretary



Secretary of State for Industry

JU583

DEPARTMENT OF INDUSTRY

ASHDOWN HOUSE

123 VICTORIA STREET

LONDON SWIE 6RB

TELEPHONE DIRECT LINE 01-212 3301 SWITCHBOARD 01-212 7676

3 May 1983

Margaret O'Mara
Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

Dear Magaret.

PUBLIC PURCHASING: PRIME MINISTER'S QUESTIONS

You will recall the intense public interest which arose recently over the CEGB's decision to hire a cable-laying barge of South Korean construction rather than one which would be built in Britain. This case was also notable as an example of the increasing tendency for controversial purchases throughout the public sector to be raised with the Prime Minister during Question Time, especially in view of her frequent statements on the desirability of British goods and equipment being bought whenever they are competitive. On this particular occasion, the Prime Minister had initially to face the questions on the CEGB barge case unbriefed. This, in turn, has caused No 10 to ask for more systematic briefing and advance warning of controversial public purchasing decisions.

- 2 We have pointed out to No 10 that those cases which excite such comment will usually be where a public sector body, outside direct Government control, "bounces through" a controversial purchase. Moreover, controversy is not necessarily a function of size and it will not be possible to identify all cases which are likely to cause comment in the House without the most burdensome of procedures. Nevertheless, there is clearly scope to do something. Accordingly, we propose that existing arrangements should be improved as follows:
 - i all Departments should be reminded to provide No 10 with advance briefing for the Prime Minister on cases which they judge merit such notification;
 - ii where time permits, the relevant material should be cleared with the Department which is responsible for the UK supplying industry in question (mainly but not always this will be the Department of Industry), and with the Department of Industry Branch which is responsible for co-ordination of the Public Purchasing Initiative (contact either Mrs M Matthews on 212:0407, or Mrs Bolton on 212:0409).





- 3 Of course, the above does not supersede, but rather emphasises, the need for Departments to let us (and the relevant Sponsor Department, where different) know, wherever possible long before a case is likely to reach public attention, of potential purchases which may cause such problems so that the scope for remedial action may be considered.
- I am therefore writing to you and other Government Departments to request that each Department should establish its own arrangements (or tighten them up where these already exist) to ensure that briefing is provided along the above lines on controversial purchasing decisions involving itself, or the nationalised industries or other public sector bodies for which it is responsible. Such cases will usually though not invariably be ones where the public body intends to place a significant order with a foreign supplier in preference to a UK competitor. Departments will have to judge for themselves when they need to provide briefing for this purpose but this Department stands ready to advise in cases of doubt.

5 I am sending copies of this letter to the Private Secretaries to members of the Cabinet, Mr Sparrow and Sir Robert Armstrong.

Yours sincerely, Junathan Spencer

JONATHAN SPENCER Private Secretary