



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

12 December 1983

Tim Flesher Esq  
10 Downing Street

*Charles*

*Dear Tim,*

PUBLIC PURCHASING

You wrote to Callum McCarthy on 15 November about a continuation of the arrangements by which the Prime Minister is alerted to potentially sensitive public purchasing issues in advance of their becoming public.

Since the new arrangements were set up it has been agreed inter-departmentally that the Treasury and the DTI would select from the cases reported to the Prime Minister those where a post mortem might be useful to establish whether the purchasing policy could be used to help an unsuccessful UK supplier to improve its competitiveness in the future.

For this system to work, the Treasury and Department of Trade and Industry obviously need to see all the cases which are reported but apart from NERC's purchase of Swedish cranes (Jerry Bird's letter to David Barclay of 21 November, a copy of which we obtained from DTI), we have seen none since the new arrangements were set in hand in May. We should therefore be grateful if you could ensure that all these Prime Ministerial cases are copied both to the Treasury and the Department of Trade and Industry, if departments themselves fail to do so. Meanwhile, any briefing material you may have on other cases would also be helpful.

I am copying this letter to Callum McCarthy in the Department of Trade and Industry.

*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA  
Private Secretary



Pashament : PM's Questions July '79



Transcript of the Proceedings of the  
Joint Committee on the Privileges and Immunities of  
Congress

AT 3 DEC 1983

1 2 3 4 5 6 7 8 9 10 11 12



10 DOWNING STREET

Tin

The arrangement  
has worked very  
well - DoI always  
inform us before  
any controversial  
announcements &  
I'm sure the  
arrangement should  
continue.

Charlotte

15/11





ce RMT

He

10 DOWNING STREET

*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.



CC HMT

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

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

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

JU584

3 May 1983

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

*Mr Rickett*

*Over to you.*

*ms 4/5*

*Dear Michael,*

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,*

*Jonathan Spencer*

JONATHAN SPENCER  
Private Secretary





Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

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

JU583

3 May 1983

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

*Dear Margaret,*

PUBLIC PURCHASING: PRIME MINISTER'S QUESTIONS

You will recall the intense public interest which arose recently over the CEEB'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 CEEB 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.

4 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,  
Jonathan Spencer*

JONATHAN SPENCER  
Private Secretary