

PRIME MINISTER

CONTRACTING-OUT IN LOCAL GOVERNMENT

E(A)(84) 10

The Secretary of State for Environment has produced a good paper for E(A) which will be chaired by Nigel Lawson. Having catalogued the progress to date in encouraging contracting-out, he analyses three options for legislation to take the process much further.

He is correct to recommend the route of compulsory competition. He offers two models for handling the legislation. General powers could be taken to enable competitive tender: specific areas would be scheduled for such compulsory competitions. Alternatively, there could be legislation for specified areas. He suggests further study: that is fine, but our hunch is that the general legislation is the best way of proceeding.

The schedule for refuse collection and cleansing contracts shows large savings. Local authority spending is still not under proper control. It is vital that savings are achieved, and better that they be made in a way which maintains or improves the delivery of basic services rather than through the ordeal of more cuts. If you agree with the pressing priority of this work, you could write a few lines to Nigel offering E(A) every encouragement in supporting Patrick Jenkin's initiative, and recommending Option 3 of his paper for early legislation.

X

JOHN REDWOOD

Prime Minutes ①

Patrick Jenkin has suggested a study into feasibility of legislating Option 3. Policy limit at X suggest you urge early legislation. I think it would be unwise to ship the study altogether but you could legitimately question whether study need take until July.

Agree?

Annex A of the Official Paper is worth a look.

I do not think we can add to early legislation. But why seems reasonable in view of the other work on A Doc.