

MR TURNBULL

1 October 1984

Note Agreed with OC
no action at present. The
point at X can be fed in
later
AT 5/10

CONTRACTING-OUT IN LOCAL GOVERNMENT

E(A) 16 OCTOBER

Patrick Jenkin proposes a two-part Bill.

- Part I would enforce competitive tendering for certain local authority services.
- Part II would enable the Secretary of State to compel authorities to report publicly on cost comparisons between any of their services and the private sector.

This plan follows the advice of the interdepartmental group. It will immediately achieve greater efficiency in some specified services, and will give Ministers a powerful general weapon against waste in local government.

We would have liked to see more services subjected to compulsory tendering. But DoE officials have done well to get as far as they have, in the face of considerable opposition from other Departments.

7/ We therefore recommend that the Prime Minister should accept the proposal, with one caveat: the Bill should give the Secretary of State power to increase the number of services subject to compulsory tendering. This possibility is mentioned in section 7.12 of the officials' report, but is omitted in the E(A) paper. Without such a power, it will be difficult for the government to extend the principle of local authority competition policy in the lifetime of this Parliament.

O. Letwin
OLIVER LETWIN

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Patrick Jenkin MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1

11 February 1985

Dear Secretary of State

**COMPETITION IN THE PROVISION OF
 LOCAL AUTHORITY SERVICES**

Your letter of 5 February to Nigel Lawson sought comments on the draft consultation paper which was enclosed with it.

There are no comments of substance that I would wish to make on the draft paper, other than to say that I am glad that it canvasses the possibility of a specific value for money duty. I would be content for the paper to be released as soon as possible.

Copies of this letter go to the Prime Minister, members of E(A) and to Norman Fowler and Keith Joseph and to Sir Robert Armstrong.

Yours sincerely

for PETER REES

[Approved by the Chief Secretary]

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Privatisation
Part 1

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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
London SW1P 3EB

13 February 1985

Dear Patrick

CONTRACTING OUT LOCAL AUTHORITY SERVICES

with request of reply

Thank you for your letter of 5 February in response to mine of 29 January. I agree with your view that my proposal, that the new legislation on the DLO regime should disapply the default powers in the Education Act 1944 in respect of the operation of the new regime should not be made public at this stage in the consultative document. As you say, there are both presentational and legal points requiring further consideration.

I think, however, that you may have misunderstood my proposal slightly. I would not propose to differentiate, in the application of the default powers of the holder of my office, between services performed in-house and those contracted out, but to protect the holder of my office from being applied to under those powers in respect of the impact on the functions of a local education authority of the operation of the competitive tendering regime. As I explained in my previous letter a feature of these default powers is that I am required to give consideration to complaints addressed to them; and it is for this reason that there is a risk that extra work may arise for my Department in the period after the legislation is secured.

My Department will do further work on the proposal, keeping your officials in the picture as it proceeds, with a view to offering a more fully worked up proposal to colleagues.

I am content with the draft consultative document attached to your letter of 5 February to Nigel Lawson and agree with you that this should issue as soon as possible to allow suitable time for consultation.

I am copying this letter to the Prime Minister, members of E(A), Norman Fowler, Peter Rees and Sir Robert Armstrong.

Emm. Jenkin

Privatisations : ELON POL Pt II.

13 FEB 1985

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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Minister for Health

The Rt Hon Patrick Jenkin
 Secretary of State for the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

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D. Patel.

COMPETITION IN THE PROVISION OF LOCAL AUTHORITY SERVICES

You wrote to Nigel Lawson on 5 February enclosing a draft consultation paper. This reflects agreed policy and I have no comments on your proposals from that point of view.

I wonder, though, whether immediate publication might not have adverse implications for the pay round which could be avoided by a delay of a few weeks. We are watching with some anxiety developments on the Local Authority pay front, and particularly the manuals' negotiations, because of their bearing on the pay round as a whole and on NHS negotiations in particular. Despite current threats of industrial action my officials' soundings suggest that the employers may be within reach of a settlement with the manuals which, while higher than we should all have liked, would not be wholly disastrous. Is there not a risk that immediate publication of your proposals would upset these negotiations and provoke the Unions (with staff support which they might not otherwise command) into strike action which would at best delay a settlement and could also lead to a higher increase in the end? I should be very concerned if this were to happen, since it would remove the possibility of early NES settlements, which could be very advantageous to us, and would generally affect our ability to negotiate NHS pay at acceptable levels.

I am copying this letter to the Prime Minister, Nigel Lawson, other members of E(A) and to Keith Joseph and Sir Robert Armstrong.

KENNETH CLARKE



13 FEB 1985



N. Brown
AF 142
cedo.

NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

Rt Hon Patrick Jenkin MP
Secretary of State for the Environment
2 Marsham Street
LONDON
SW1P 3EB

12 February 1985

Dear Patrick,

COMPETITION IN THE PROVISION OF LOCAL AUTHORITY SERVICES

With your letter of 5 February to Nigel Lawson, you circulated a copy of the draft Consultation Paper on Competition.

While I have no doubt that the proposals will cause considerable protest from local authorities and their staffs, it is clear that authorities will not act voluntarily, so that compulsion is necessary to secure the savings we all feel can be found by further competition. In particular, the proposals to limit local authorities' powers in relation to contract conditions will come in for particularly heavy criticism. Nevertheless, unless we can take effective action, there is a danger that any legislation will be ineffectual - and even that the benefits of the existing legislation on direct labour organisations will be lost. I am therefore content that the paper should be published.

Copies of this letter go to the Prime Minister, members of E(A) Norman Fowler and Keith Joseph and to Sir Robert Armstrong.

Yours ever,
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Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru



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WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

14th February 1985

Den Paker

Thank you for sending me a copy of your letter of 5 February to Nigel Lawson enclosing your draft consultation paper on our proposals to extend competition in the provision of local authority services. I am content with the paper and your proposal for early publication.

/ Copies to the Prime Minister, members of E(A), Norman Fowler, Keith Joseph and Sir Robert Armstrong.

Jenkin
via

The Rt Hon Patrick Jenkin MP
Secretary of State for the Environment

ECON. POL; Privatisation; Pt II.

17 FEB 1985

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HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

14 February 1985

Dear Patrick,

COMPETITION IN THE PROVISION OF LOCAL AUTHORITY SERVICES

Your letter of 5 February to Nigel Lawson was not copied to me at the time and I am, in consequence, well outside your date for comments. Even so, in view of my substantial interest in the provision of local authority services, I thought I should record my agreement to the consultation paper. The references to the security of buildings and police and fire vehicles seem sufficient and do not affect the thrust of the paper, which I fully support.

Copies of this letter go to the Prime Minister, members of E(A), to Norman Fowler and Keith Joseph and to Sir Robert Armstrong.

Law,
Law

The Rt Hon Patrick Jenkin, M.P.

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