

File to await departmental
responses AF 25/1

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18 January 1985

PRIME MINISTER

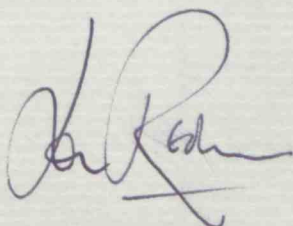
USING PRIVATE ENTERPRISE IN GOVERNMENT

Peter Rees's paper points the way forward.

A properly managed, wide-ranging programme of competitive tendering can either reduce costs by bringing in an outside contractor, or can concentrate departmental attention on the need for management improvements in the way they run their own show.

You could welcome his letter and endorse his view that the net should be cast as wide as possible. It is interesting that DTI manage to contract out the administration of some assistance schemes and the distribution of UK patent specifications - this could lead on to similar initiatives in other departments.

You could also ask that the savings that have resulted could be simply identified, and more made of them to encourage others.



JOHN REDWOOD

PRIME MINISTER

The Chief Secretary minuted colleagues with proposals to increase the amount of Central Government work which is contracted out. (This parallels Mr. Jenkin's exercise on local authorities). The Chief Secretary sets out a list of services where the market should be tested, plus a further list of services where the market can be tested optionally. The Annex lists progress to date.

Colleagues have now responded, generally enthusiastically. A letter from No. 10 welcoming this initiative, would be appreciated by the Chief Secretary.

Agree?

Yes ✓

Mathiasauer

pp. ANDREW TURNBULL

25 February, 1985

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10 DOWNING STREET

From the Private Secretary

26 February 1985

USING PRIVATE ENTERPRISE IN GOVERNMENT:
COMPETITIVE TENDERING

The Prime Minister has seen the Chief Secretary's minute of 14 January and the responses from Ministers to it. She very much supports the Chief Secretary's proposals and is content for the guidance in Annex A to be issued. She hopes that Departments will extend the range of services to be tested against the market as widely as possible. She looks forward to the Chief Secretary's report in the summer and hopes that it will identify the savings which are being made.

I am copying this letter to Private Secretaries to members of Cabinet and to Ministers in charge of Departments, to Richard Hatfield and Sir Robin Ibbs (Cabinet Office).

(Andrew Turnbull)

Richard Broadbent, Esq.,
H.M. Treasury.