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AT 13/2  
CENS

DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

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

12 February 1985

Dear Patrick  
with AT

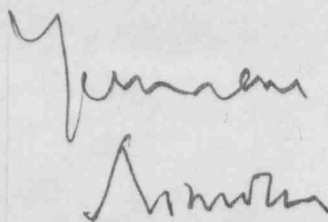
Thank you for sending me a copy of your letter of 5 February to Nigel Lawson.

I am content with the draft consultation paper.

As far as school transport is concerned I have thought about this carefully following discussions between my officials and those in DES. I want to see as much school transport work as possible put out by local education authorities to the commercial sector under a competitive tendering regime. But I understand that the use of vehicles owned by themselves rather than those of commercial operators is very much the exception, and that only few authorities, except for the ILEA, have a significant number of vehicles. The Transport Bill will impose a new duty on local authorities and education authorities to co-operate with one another to secure the best value for money from their expenditure on public passenger transport (including school transport) in the interests of their ratepayers and I am sure that it will go a long way towards making local authorities more cost conscious in these matters.

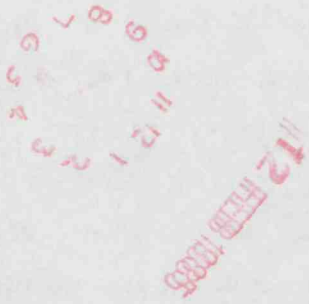
I understand that Keith Joseph considers the gain from including school transport in the contracting out exercise would not produce benefits commensurate with the effort. I am unhappy about this and only prepared to see it left out at this stage on the understanding that if the commercial operators of buses and coaches press for its inclusion we can reconsider it; or if local education authorities extend the use of education buses into the stage carriage field, that we can later take action to restrict them.

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

A handwritten signature in dark ink, appearing to read 'Nicholas Ridley', written in a cursive style.

NICHOLAS RIDLEY

Pivatisation : ECON POL. Pt II.







NHPM

AT

20/2

## DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Rt Hon N Ridley  
 Secretary of State for Transport  
 2 Marsham Street  
 SW1 3EB

21 February 1985

*Dear Mr Jenkin,*

Thank you for sending me a copy of your letter of 12 February to Patrick Jenkin.

I agree with what you say, with one qualification on your last substantive paragraph. The force of the argument for contracting out of school transport provision has long been accepted and implemented by all but a handful of LEAs, including ILEA. A DES Report back in 1973 showed that only 2.6% of pupils were conveyed in LEA owned and operated transport in England, at a cost amounting to 4.5% of total expenditure on pupil transport. Given the extent of local commitment to contracting out transport provision, I see little point in taking powers to extend it further, regardless of the effort involved.

If, however, in the limited case where LEAs still operate their own vehicles, commercial operators were to allege unfair competition on such grounds as licensing, or standards of maintenance we should certainly need to consider the problems. If for example there were special cases where there was some element of unfair competition in the use of the vehicles for non-educational purposes when they were not required for school use, we could look again though we would need to beware of discouraging genuine enterprise on the part of LEAs themselves.

Copies of this letter go to the Prime Minister, Members of E(A), the Secretary of State for Social Services and to Sir Robert Armstrong.

*Ever,  
 Yours*

ECON ROL: Privatisation; A11





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CKND



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

N 2/2

My ref:  
Your ref:

28 February 1985

will request if required

Dear Nick,

Thank you for your letter of 12 February and for your formal clearance of our consultation paper. On the particular point about school buses I entirely accept the desirability of exposure to competition, and would not rule out the possibility of making school transport subject to a formal statutory tendering regime if that should appear to be both desirable and worthwhile. The views of private sector transport operators would certainly be a major factor, but we must, I think, keep in mind that the statutory regime necessarily imposes significant additional administrative and accounting requirements which we would have to be able to justify in terms of potential savings. It was for this reason that my paper to E(A) concentrated on relatively few activities.

Apart from adding to the initial list we do, of course, have two other options. If the proposals go through as at present formulated we would be in a position to bring school transport within a statutory regime without further primary legislation. Alternatively we could make an early designation of school transport as an activity for which formal reporting of in-house and potential out-house costings are required. This would establish both the extent to which authorities do themselves provide school transport and the total costs currently incurred. This might well, it seems to me, be the best way to proceed, but I am content to leave the matter open until we see what the commercial operators have to say.

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

Yours ever  
Patrick

PATRICK JENKIN

The Rt Hon Nicholas Ridley MP



28 FEB 1957

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