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1

DEPARTMENT OF EDUCATION AND SCIENCE
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FROM THE SECRETARY OF STATE

NBP7
at this stage

25 September 1985

Dear Miss Bogan,

REVIEW OF PRIVATISATION PROSPECTS FOR THE NEXT PARLIAMENT

In accordance with the request in your letter of 1 July, my Secretary of State has made a far-reaching review of the possibilities for privatisation in his area of responsibility.

This area consists in the main of the provision of services by local education authorities or other public or near-public bodies mainly through the use of public funds. These services are of a nature which provides very little scope for public floatations, employee buy-outs, or large trade sales. As you know, my Secretary of State has been encouraging a great financial independence for the universities with less reliance on public funds. For the present exercise, he has considered the possibility of privatising the current public arrangements for educating children below the compulsory school age. Such education is undertaken by the private sector on a substantial scale in some other countries and to a limited extent in England. He has however concluded that the existing public provision does not lend itself to privatisation. About half of it consists of provision in infant classes for children aged 4 and uses spare capacity within the facilities provided for the compulsory period. The other half is nursery education which is provided mainly for educationally disadvantaged children whose families are unlikely to be able to meet the fees chargeable by private nursery schools.

However since most of the Department's expenditure programme consists of local authority services, there is scope, in relation to school meals and cleaning, for competitive tendering and an element of privatisation through the proposals for contracting out noted in the DES letter of 5 August. My Secretary of State hopes very much that early progress can be made with the necessary legislation.

/In the

Miss F P Bogan
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the Chancellor of the Exchequer
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In the civil science field, my Secretary of State is now examining with Mr Jopling a proposal for privatisation in the plant breeding area. But the outcome is not sure and my Secretary of State doubts whether the scale of the proposal is large enough to merit inclusion in this exercise. We shall be considering whether the principles involved can be applied to other science areas.

I am sending copies of this letter to the Private Secretaries of other Members of the Cabinet and to Sir Robert Armstrong.

Yours sincerely,
Robert Smith.

R L SMITH
Private Secretary

ECON for: Privatisation

PT 12