



10 DOWNING STREET

*From the Private Secretary*

11 March 1983

We spoke yesterday about Mr. Anthony Steen's priority written Question to the Prime Minister about the Priority Suppliers Scheme. The text of the Question and the Prime Minister's eventual reply are attached. You will see that she has promised to look into the matters raised by Mr. Steen and to write to him.

I also enclose the text of the draft reply which was submitted to the Prime Minister, based on contributions from the Manpower Services Commission, the Treasury, and your Department. The Prime Minister was not willing to reply in the terms drafted because she feels that it is quite unacceptable for prison workshops to be given preferential status as central Government contractors under the Priority Suppliers Scheme. She recognises the case for giving sheltered workshops and factories for severely disabled people some preference. But she feels that to put jobs in the private sector at risk, especially in special development areas, by giving prison workshops preferential status is quite unjustifiable.

The Prime Minister would be grateful if the Home Secretary could consider her comments and if he could let her have a draft letter to send to Mr. Steen. The Prime Minister would, of course, be willing to discuss this matter with the Home Secretary if he so wished.

I am copying this letter, and its enclosures, to Barnaby Shaw (Department of Employment) and to Jill Rutter (HM Treasury).

W. F. S. RICKETT

Mrs. Lesley Pallett,  
Home Office.

*JWR*

TEXT OF DRAFT REPLY FROM THE PRIME MINISTER TO  
MR. ANTHONY STEEN, MP

Preferential status as central government contractors has been given for about thirty years to sheltered workshops and factories for severely disabled people and to prison workshops under the Priority Suppliers Scheme. The value of contracts given to workshops under the Scheme is small in relation to the size of all purchases by government. While I understand the honourable Gentleman's concern, I am not convinced the solution would be to amend the terms of the Scheme as he suggests. Such a change would be likely to increase the costs of these workshops, which could have implications for public expenditure.

Some nationalised industries and public authorities also operate a voluntary preference scheme to workshops, but the Government does not direct their purchasing policies and it would not therefore be appropriate to issue a circular.

Thursday 10 March 1983

(Answered by the Prime Minister on Thursday 10 March 1983)

UNSTARRED Mr Anthony Steen: To ask the Prime Minister, if she  
NO. 49 will amend the existing priority suppliers agreement  
(W) to provide that prison workshops and workshops for  
the disabled receive no higher preference in the  
allocation of Government orders than competing  
private sector firms in special development areas;  
and if she will make a statement.

UNSTARRED Mr Anthony Steen: To ask the Prime Minister, if she  
NO. 50 will issue a circular to the nationalised industries  
(W) and public authorities encouraging them to favour  
private enterprise in their purchasing policy.

I am looking into the matters raised by my hon  
Friend and will write to him.