

Subject

cc Subject File

M.F.J.



cc: HMT  
DM

VSO

10 DOWNING STREET

From the Private Secretary

18 April 1983

Dear Lesley

Priority Suppliers Scheme

The Prime Minister held a meeting with the Home Secretary and the Chief Secretary at 1130 this morning. Its purpose was to decide what reply the Prime Minister should give to Mr. Anthony Steen's suggestion that this scheme should be amended so that prison workshops and workshops for the disabled receive no higher preference in the allocation of Government orders than private sector firms in special development areas.

The Home Secretary said that there were three reasons for not amending the scheme. Providing a proper occupation for prisoners was crucial to maintaining peace in the prisons. A lot of the work done by Prison Industries was in areas where it really did not compete with the private sector: providing prison uniforms, running prison laundries and prison farms, and in doing certain work for the Armed Forces. A firm of consultants had now been engaged to advise on the products and markets on which Prison Industries should concentrate in the future; a major aim would be to concentrate the work of Prison Industries on import substitution. Prison Industries had recently won a contract to make one million tee-shirts, not in competition with UK firms, but with Taiwanese firms. Finally, the Home Secretary said that the problem identified by Mr. Steen was not large. Prison Industries made two thousand products and had four hundred commercial customers. He had received practically no complaints of unfair competition; at most, only two or three private sector firms had complained that their livelihood was threatened by Prison Industries.

The Home Secretary concluded by saying that he recognised the Prime Minister's concern that private sector firms might be facing problems because of competition from Prison Industries, and that if necessary he and the Chief Secretary would be

/willing

BSG

willing to make the concession requested by Mr. Anthony Steen, M.P. In special development areas, prison workshops would receive no preference in the allocation of Government orders. He understood that the Prime Minister already recognised the case for giving sheltered workshops and factories for the severely disabled preference under the scheme, and no change was proposed as far as such workshops were concerned.

After a short discussion, the Prime Minister said that she was not convinced that Anthony Steen's proposals would remedy the problem he had identified; some of the firms facing difficulties because of competition with Prison Industries were not in special development areas. To make the blanket change suggested by Mr. Steen would also give the impression that the problem was much larger than in fact it was. She would write to Mr. Steen saying that she shared his concern that Prison Industries should not threaten jobs in the private sector, especially in hard pressed areas; but that there was no evidence that this was a widespread problem, and that she was not convinced that his proposal was the right solution, especially as some hard pressed firms were not in special development areas; that the Government was steering Prison Industries into areas where its work would not compete directly with the private sector, such import substitution; and that the best way of avoiding the problems of competition between Prison Industries and the private sector was not to make a blanket change in the rules, but to look sympathetically at each case on its merits: the Government had made strenuous efforts to be accommodating in the case of the British Ladder Manufacturers Association, and would make similar efforts in any other case drawn to its attention.

*bc*  
I should be grateful if you could provide a draft letter for the Prime Minister to send to Mr. Steen on these lines by Tuesday 3 May. I think you will have to ask the Department of Employment for a draft contribution defending the priority suppliers scheme in so far as it relates to sheltered workshops and factories for the severely disabled.

I am copying this to Jane Swift (HM Treasury) and Felicity Everiss (Department of Employment).

*yours ever*

*Willie Rickett*

Mrs Lesley Pallett  
Home Office.