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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1E 6RB

Prime Minister 2

DRS

7/1

7 January 1986

Dear Leon,

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FRAUD

In your minute of 9 December to the Prime Minister you reviewed the need for increases in DTI manpower over the whole range of your functions relating to the proper conduct of business activity.

You proposed an additional 152 staff for the Insolvency Service mainly to increase the number of prosecutions and to implement the disqualification provisions in the new Insolvency Act. I accept that this work is closely associated with fraud, and I am prepared to agree to the increase subject to the establishment of milestones of achievement, eg numbers of cases handled leading to prosecutions and disqualifications, and also subject to review of requirements in 12-18 months' time. It is clearly difficult to estimate now how many staff will be required particularly for the implementation of the new legislation. It would therefore be sensible to review the position having regard to the output levels achieved.

Similarly, I accept the case for additional Inspectors. Their work and that of the Insolvency Service will feed through into additional work for the Solicitors and I accept what you propose for them. Again, there must be some difficulty in predicting workload and I would like the need in each case to be reviewed in 12-18 months' time.

I do not accept that a case has been made for retaining the 100 additional staff in the Companies Registration Office, which were agreed on a temporary basis to eliminate a backlog of work. In my view the work of the CRO is not closely connected with fraud. There is considerable scope for improved efficiency in the Office, in part resulting from computerisation. If you wish to seek retention of the additional staff beyond the period agreed by Treasury, I suggest that a detailed case should be discussed by our officials.

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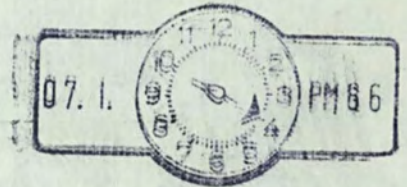
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I am copying this letter to the Prime Minister, the Lord Chancellor, the Attorney General, the Chancellor of the Duchy of Lancaster, the Home Secretary and Sir Robert Armstrong.

Yours ever,
JH

JOHN MacGREGOR



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