



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Douglas Hurd CBE MP
Secretary of State
Home Office
Queen Anne's Gate
LONDON SW1H 9AT

27 August 1986

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Dear Douglas,

STAFF INSPECTION

I have been reviewing the recent performance of staff inspection, in the light of the returns which departments send to the Treasury. The attached tables summarise the outcome for 1985-86, and show how this compares with previous years.

The 1985-86 results (Table A) show that investment on staff inspection continues to pay a good dividend. Savings of £61.3m were achieved by a staff inspection effort equivalent to no more than £6.5m. The annual savings roll over into succeeding years. There are also unquantifiable benefits, such as the assurance which the process gives to senior management about the tautness of manpower levels.

Our present policy on staff inspection, reported to the Public Accounts Committee, is that, as a general guide, all areas should be inspected every 5 or 6 years; and that the aim should be normally to reach decisions within 3 months of issuing the report, and on average to implement at least 75 per cent of the manpower recommendations. Few departments meet all of these criteria; and, as Table B shows, the overall net reductions achieved and the implementation rate have both fallen away since the improvement achieved in the early years of this Administration. We have not secured the overall improvement sought by Peter Rees when he wrote to Leon Brittan on 3 July 1984 about the results for 1983-84.

Staff inspection is, of course, only one of the means by which departments can secure the maximum efficiency and effectiveness with which they use their resources. Other CIR forces provide a similar and equally useful service. I understand, for example,

WILL REQUEST IF REQUIRED

that efficiency scrutinies - which range wider than running costs - have recommended savings of £132m in the 1985-86 programme (although the savings actually accepted may fall short of this). Moreover, line managers should increasingly be finding savings themselves, in the course of managing their budgets.

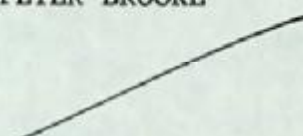
We need to use all the techniques which we possess to improve efficiency and to keep running costs, including manpower costs, controlled as tautly as possible. Staff inspection remains one of the proven techniques available to us. Shortly after this Administration took office, we introduced the system of an annual report to the Minister and Permanent Secretary in each department on the results and effectiveness of staff inspection in that department. Bearing in mind the continuing value of staff inspection demonstrated by the 1985-86 figures, I would urge colleagues to continue to take a close interest in these reports and to press for early improvements where necessary.

I am copying this to all Ministers in charge of departments and for information to the Prime Minister and to Sir Robert Armstrong and Sir Robin Ibbs.

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PETER BROOKE



STAFF INSPECTION RESULTS 1985-86

	Complement Inspected	Net Recommended	Agreed	Agreed as % of net rec'd	Agreed as % of compl. insp'd	Agreed saving £m
Non-industrial	38,700	-2,300	-1,600	70%	4.1%	17.3
OTHER CATEGORIES						
Industrial	5,100	- 300	- 200	67%	4.0%	1.2
Locally engaged	6,600	- 400	- 250	63%	3.8%	2.0
Military	34,300	-1,200	-1,000	83%	2.9%	13.9
Sub totals other categories	46,000	-1,900	-1,450	76%	3.2%	17.1
Totals	84,700	-4,200	-3,050	73%	3.6%	34.4
Rejected bids			-1,000*			10.6*
Running Costs £m						<u>16.3</u>
						<u>61.3</u>

*notional savings

TABLE B

STAFF INSPECTION RESULTS TREND SINCE 1978

Calendar years	Complement Inspected	Net reduction Recommended	Agreed Reduction	Agreed reduction as % of Recommended change	Agreed reduction as % of Complement Inspected
	(Nos)	(Nos)	(Nos)		
1978	74,200	-2,600	- 900	35%	1.2%
1979	64,000	-2,900	-1,900	66%	3.0%
1980	63,200	-4,100	-3,200	78%	5.1%
1981	52,300	-5,000	-3,800	76%	7.3%
1982	40,600	-3,500	-2,700	77%	6.7%
Financial years					
1983-84	44,800	-3,900	-2,800	72%	6.3%
1984-85	37,800	-3,150	-2,300	73%	6.1%
1985-86	38,700	-2,300	-1,600	70%	4.1%

