

PRIME MINISTER

16 October 1984

CONSULTANCY, INSPECTION AND REVIEW (CIR) SERVICES

The discussion tomorrow is about ways of getting better value for money from 5,000 CIR staff, costing £100 million per year.

The main point at issue at the meeting will be whether staff inspection staff (560) should retain their independence to advise top managements and the Treasury, as Treasury would prefer, or whether they should advise line managers, as Robin Ibbs proposes. Robin Ibbs will argue that once managers are controlled by budgets, and set challenging objectives, staff inspection should provide managers with the help they will need, rather than operate as a control.

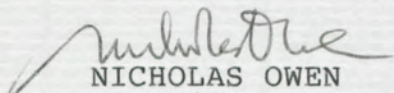
The Treasury are doubtful. They suspect that managers' instincts will be to retain or increase staff, to resist staff cuts or downgrading of posts. They point out that in an area where control-via-the-budget has been adopted, eg in the HSMO, which is now a trading fund, top management still feel the need for staff inspection. If it is left to line managers to invite staff inspection, those with the most well-padded payrolls will not seek advice.

There is much in the Treasury argument. Managers will want to retain as many staff as possible in order to achieve their FMI objectives. They will not welcome challenges from staff inspectors on the need for the work they do - a prescribed and vital part of staff inspection.

However, staff inspection does not currently work that well. Reports take too long to complete; managements typically implement only a small part of them. To save six posts takes over a man-year of staff inspection - surely too long.

We recommend a solution along these lines:

- i. Line managers must have staff targets; they will then know what is expected of them and will be encouraged to seek advice from staff inspectors on how to achieve staff savings
- ii. Top management in departments can use their judgement on how to deploy staff inspectors but
- iii. they must settle departmental staff targets with the Treasury and see that their line managers deliver
- iv. Treasury must retain its inspectorate, partly to advise on Whitehall's staffing standards and training of inspectors (as now) and partly to assist in Treasury's negotiations on departmental staff numbers.


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