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QUEEN ANNE'S GATE LONDON SW1H 9AT

9 May 1984

2 Peter,

*nbpm
DMS
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AUDIT COMMISSION: VALUE FOR MONEY

Attached

I am afraid I have been unable to respond before now to your letter of 6 March, which reached me comparatively recently. You asked, in particular, about the relationship between the Inspectorates in the Home Office (police, probation and fire) and the Audit Commission.

Your officials will be aware, through our periodic reports on the development of the Financial Management Initiative in the Home Office, of the work we have done to enable the Inspectorates for the police and probation services to base their judgments of efficiency on better information, and your letter acknowledges this in respect of the police. As part of my current review of control over the use of resources by the fire service, I am considering how to develop the role of the Fire Service Inspectorate to include an "efficiency" function.

I am sure you are right to point to the need for contact between Departments having responsibility for local authority services, and the Audit Commission. The Police, Criminal and Fire Departments of the Home Office are all alive to that need, and to the particular need to develop exchanges between the Commission and the Inspectorates. Some useful contacts have already been made.

With the specific grant services we have to be alive, too, to the interests of the National Audit Office. That consideration does not arise in the case of the fire service, and with that in mind I have asked my officials to suggest to the Audit Commission that studies of that service by them would be timely and helpful, in addition to the work we ourselves shall be doing within our own resources, including the Inspectorate. I agree with Patrick Jenkin, however, that we should avoid anything which might prejudice the independence of the Commission.

From the Home Office point of view, it is still too early to say with certainty what is likely to be gained from the Audit Commission's work. Their

The Rt Hon Peter Rees, QC., MP.

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work on the police so far (which is reported in their handbook) is helpful as far as it goes but contains few surprises. Also, while there is some overlap between the roles of the Audit Commission and the Inspectorates, we cannot overlook a separate Inspectorial function which is to see that agreed standards of service are maintained. Where Inspectorates have good reason for believing that a service is being under-provided for, they must be free to say so.

I hope that our officials will keep in touch over these various developments.

Copies of this letter go to the recipients of yours.

Law,
Law

1100 MAR 1984

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