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SUBJECT CC MASTER

10 DOWNING STREET

17 June 1986

From the Principal Private Secretary

Dear Stephen,

VALUE FOR MONEY SEMINAR: HOME OFFICE

The Home Secretary gave a presentation this morning on the main areas of Home Office expenditure drawing particular attention to the quantified targets which had been set.

POLICE

The Home Secretary stressed the importance of keeping up the drive for value for money at a time when more resources for the police service were being made available. Increasing attention was being focussed on the measurement of the efficiency and effectiveness of the police service. The drive to civilianise police posts was being maintained. An important target was the requirement to ensure that extra police manpower was only sanctioned for identifiable extra duties for identifiable objectives. Sir Robin Ibbs added that to prevent over-simplification of difficult issues, the development of a matrix of indicators would be valuable. It was noted that since the remit of H.M. Inspectorate did not run to the Metropolitan Police, Home Office officials had increasingly to undertake the investigation of efficiency functions. The extension of a scrutiny technique to the Met was helpful in this regard, though such scrutinies should be genuine investigations and not cosy inquiries.

There was a brief discussion of the case for publishing information on the number of crimes committed by and on the ethnic minorities. The Home Secretary said that he would shortly be publishing data on the ethnic numbers of the prison population. This would show that the prison population included proportionally more blacks.

Summing up this part of the discussion the Prime Minister said that in order to help maintain a real pressure on the police to achieve improvement, it was critically important to ensure that they had clear targets and indicators to demonstrate increased performance against increased resources. It was important too to ensure that the scrutinies in the Metropolitan Police were done on the same rigorous lines and scrutinies directly monitored by the Efficiency Unit and that the Home Office had a substantial role to play in ensuring that this was the case.

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PRISONS

The Home Secretary explained that almost half the £653 million annual expenditure on the prison service was for pay and allowances. Value for money of this expenditure could only be obtained if management could exercise its proper authority in the running of the prisons; this was, of course, behind the current dispute with the Prison Officers' Association. Quantified targets had been successfully introduced. It was a tribute to the service that it had coped with the great surge in prison population last year without an increase in overtime.

During the discussion of prison industries, the Prime Minister said that while prison industry enterprise needed to be encouraged, care should be taken to avoid unfair competition with local industry. Sir Brian Cubbon emphasised the difficulties of prison Governors in achieving efficiencies in prison industries when the average prisoner stayed in one prison for only six weeks. The entrenched working practices of the prison officers also hindered effective operations. Nevertheless, considerable strides had been made in improving financial controls and effectiveness in this area in the last year or so.

The Prime Minister urged that further attention should be paid to ensuring that the Magistrates Courts were run efficiently with the least possible demands on prison officers' time. One difficulty noted in this area was that many Justices Clerks did not attach high priority to value for money issues.

The Home Secretary then referred to his recent minute on the prison population and drew attention to the differences in cost of the different methods of dealing with offenders. The Prime Minister urged greater use of deductions for fine defaulters.

Summing up this part of the discussion the Prime Minister said that it was important to set realistic but demanding targets for the prison service. It was also important to be clear about the longer term gains from having good management systems in place and not to be deflected from those objectives by short-term problems. A scrutiny might be a helpful way to clear the ground and establish the facts as a first step to real improvement in management in the Magistrates Courts.

FIRE

The Home Secretary noted that this area of expenditure was less under Home Office control. Some fire authorities were more responsive to value for money issues than others, and further work was necessary here despite improvements of recent years. He was concerned that expenditure on fire fighting equipment had lagged somewhat, with the result that it was in some areas out of date.

IMMIGRATION

The Home Secretary reported that the immigration services were coping extremely well despite the enormous pressures upon them. The Prime Minister agreed.

In a general discussion about immigration policy, the Prime Minister expressed dislike for the facility whereby people permitted to stay here for five years had the ability to apply for permanent residence. The Home Secretary noted the constraints imposed by the 1981 United Nations convention on refugees. The Prime Minister commented that drug problems, crime and terrorism made it important to consider such issues on a European scale. The Home Secretary said that he intended to continue discussions on these matters with his European colleagues.

Commenting generally on the Home Office's achievements in securing value for money, Sir Robin Ibbs said that despite the political problems the Home Office achievements had been considerable, especially in maintaining their efforts for increased value for money. The Department's positive use of the scrutiny technique was to be commended. They now needed to keep up the pressure in order to bring forward results. The Inspectorates were also to be commended in their increasing emphasis on value for money issues while maintaining at the same time their traditional interest in service standards.

The Prime Minister thanked the Home Secretary for the presentation and commended the considerable strides made in recent years by the Home Office in financial management. The task now was to maintain the continuing search for efficiency.

I am sending copies of this letter to Jill Rutter (Chief Secretary's Office), Paul Thomas (Mr. Luce's Office), Sir Robert Armstrong, Sir Brian Cubbon and Sir Robin Ibbs.

Yours sincerely

Nigel Wicks

N.L. WICKS

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Home Office.