



DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

The Rt Hon Peter Rees QC MP
 Chief Secretary
 Treasury
 Parliament Street
 London SW1P 3AG

15 March 1984

Dear Peter,

THE AUDIT COMMISSION - VALUE FOR MONEY

Thank you for your letter of 6 March.

will request if required

I too set considerable store by what the Audit Commission may be able to achieve. I know from discussion with its Chairman and Chief Executive that there is every intention that the messages from its value for money exercises will be pressed home hard.

The Commission's effectiveness will depend on it being seen to be independent of Government. Nevertheless, I have been pleased to hear of the various links, both formal and informal, which have been established between the Commission and the Department. These links include specific liaison arrangements between the Commission's staff and Her Majesty's Inspectorate, not so that the two bodies can operate together - for each has its own rather different job to do - but so that they can share their findings and perspectives. Both the Commission and HMI recognise, I think, that they can learn from each other and that an understanding by each of the other's findings can inform and illuminate their own work. In developing policy advice the Department needs to learn from both. It always has used HMI and is beginning to make use of the Commission's work.

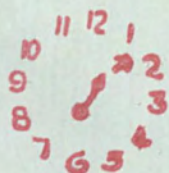
The various Inspectorates have differing roles and responsibilities and, as you suggested, other colleagues may want to chip in from their own service standpoints. You will know from the policy statement "The work of HM Inspectorate in England and Wales", which Nick Edwards and I published in March last year, that the schools Inspectorate has a clear remit to look at value for money. HM Inspectors, though, come at that issue by a different route from the Audit Commission. They report on the standards that they find in class and lecture rooms and the value for money considerations arise from their findings directly or indirectly. In some cases they may be able, for example, to point clearly to underused resources (libraries for instance), or to say that a particular form or organisation

*cc: 100.
 Education: Policy: Re 2*

nbpm

*DWS
 16/3*

10 MAY 1984





NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SX

Rt Hon Peter Rees QC MP
Chief Secretary
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

30 April 1984

Dear Peter,

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THE AUDIT COMMISSION - VALUE FOR MONEY

Thank you for sending me a copy of your letter of 6 March to Keith Joseph. I have seen his reply of ~~15~~ March and Patrick Jenkin's of ~~30~~ March.

I too am anxious that the various Inspectorates and groups of central government advisers for which I am responsible should not do anything which would seem to be in conflict with our policy on local government expenditure.

I am sure that you are correct in suggesting that the various Inspectorates of local authority services have an increasing part to play in identifying how local authorities might achieve better value for money, without departing from their traditional role. Indeed, the fact that the Inspectorates generally are recognised as having considerable expertise means, in our experience, that their comments are taken seriously by local authorities.

In Scotland there has been no dissent from the view which I expressed on the Rayner scrutiny of the Schools Inspectorate that "to facilitate a successful and cost effective implementation of the Government's policy for education, I consider it essential that my principal professional advisers are able to ensure that the resources being made available for education are being used as effectively as possible".

You also mentioned in your letter the financial information system which is being developed for HM Inspectorate of Constabulary in England and Wales. We have kept closely in touch with this work and with the related development of guidelines for use by the Inspectorate in their annual inspections of police forces. The need for a sophisticated

data base is perhaps less in Scotland, where there are only 8 police forces, than south of the Border, but we stand ready and willing to draw constructively on the Home Office's experience. Meanwhile I have taken steps to strengthen our Inspectorate by the appointment of a second full Inspector of Constabulary from July.

The other groups of professional advisers within the Scottish Office who have contact with local authorities are also fully aware of the need to achieve value for money. The Civil Engineering and Water Services Divisions are already engaged in their own specialist value for money studies which are of relevance to local authorities. The Building Directorate is regularly involved in providing value for money advice to local authorities.

The Commission for Local Authority Accounts in Scotland, which has been in existence since 1974 and carries out a role similar to that of the Audit Commission in England, has a programme of value for money work and is fully aware of the importance the Government attaches to this work. The Commission encourages auditors to conduct their audits in a way which helps authorities to achieve value for money and in addition have mounted a number of co-ordinated exercises covering a number of authorities in order to help improve value for money. Where necessary the Commission have contact with the Scottish Office, including the Inspectorates.

Finally I might mention that I and Michael Ancram have made value for money the theme of speeches to the Scottish Local Authorities' Convention, to CIPFA and to the Rating and Valuation Association in the past four weeks.

I am sending copies of my letter to those who received yours.

Yours wet,
Cunry.

Education: Money On Education Expenditure. etc.

It is a matter of fact that the amount of money spent on education in this country is not as large as it should be. The Government has not done enough to support the schools and colleges. It is the duty of the Government to provide for the education of all its citizens.

The Government should increase the amount of money spent on education. It should provide for the education of all its citizens. It should also provide for the education of the poor. The Government should also provide for the education of the blind and the deaf.



The Government should also provide for the education of the poor. It should also provide for the education of the blind and the deaf. The Government should also provide for the education of the handicapped. The Government should also provide for the education of the elderly.

The Government should also provide for the education of the handicapped. It should also provide for the education of the elderly. The Government should also provide for the education of the disabled.

The Government should also provide for the education of the disabled. It should also provide for the education of the sick.

[Faint handwritten notes and scribbles]



CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

30 March 1984

Dear Peter,

THE AUDIT COMMISSION - VALUE FOR MONEY

Thank you for sending me a copy of your letter of 6 March to Keith Joseph. I have also seen his reply of 15 March.

I share your concern that the proper involvement of HM Inspectorates with standards of provision for individual services should not appear to conflict with the Government's overall objective of containing the aggregate of local authority expenditure. I welcome the steps which Keith records have been taken to ensure that his Department, HM Inspectorate of Schools and the Audit Commission are taking to ensure that each is aware of the other's interests, and the recognition that obtaining value for money is a significant part of the Inspectorate's remit.

I think that in presenting our eventual decisions on local authority expenditure for 1985/86, we might make more of the distinction between key services - in education's case those provided in the classroom - and ancillary services where significant savings could be made provided that authorities were prepared to face up to the difficult political decisions that must be taken.

Finally, I should emphasise again, as I did in my letter of 12 January to Leon Brittan, the importance of avoiding in our public statements any prejudice to the independent status of the Audit Commission, a point you make in your own letter.

I am copying this letter to those who received yours.

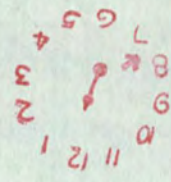
*Yours
Patrick*

PATRICK JENKIN

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EDUCATION: cop R44

CONFIDENTIAL



30 MAR 1984

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