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DEPARTMENT OF HEALTH & SOCIAL SECURITY
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From the Secretary of State for Social Services

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London
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*CF: Await reactions
from colleagues.*

*Sub
12/3*

March 10 1984

News Peter.

SOCIAL SERVICES INSPECTORATE (SSI)

attached.

Thank you for your letter of 31 January.

In working out the proposals for the Inspectorate I have from the start had in mind the danger of creating pressures for increased spending and the need to avoid this. Conversely, I have seen the proposed re-orientation of the existing Social Work Service (SWS) as a way in which we could contribute better to the achievement of value for money by social services departments and - as the draft joint statement says - assist authorities in making the most effective use of existing resources. The SSI proposal is, in fact, a major feature of my Department's financial management initiative, and is the way in which we think we can best influence social services spending patterns.

It may be that in previous correspondence we have failed to bring out sufficiently clearly certain key factors of these proposals. I shall hope to allay your concern (and that expressed separately by Patrick Jenkin) by doing so now. And I am enclosing a modified version of the draft joint statement with the Local Authority Associations (not as yet shown to them) which seeks to remove any scope for misunderstanding of our intentions.

I understand, of course, your fears about the traditional propensity of professional inspectorates to advocate improved standards of service without adequate regard to the cost. You point out, however, that when MPs quoted certain established inspectorates in this context during the RSG debate nobody mentioned SWS. I am not surprised: the distinguishing feature is that SWS forms an integral part of the chain of command within my Department. That situation will be in no way altered by the proposed change of nomenclature and the increased emphasis on efficiency work. The new inspectorate will not be a quasi-autonomous unit with form terms of reference. It will operate, through the Chief Inspector, under the control of my Permanent Secretary and within the established policy framework. It will present its reports to me and will be answerable to me for its observance of Government policies and priorities. If

there have been no grounds for complaint about the output of SWS in the past, I see no reason why they should be created by its reconstitution as the SSI on the basis which I propose.

There seems to have been some misunderstanding about the extent to which local authorities will be able to influence the activity of the SSI and about the attachment of local authority staff. I envisage that inspections will be of three main types:-

- a. initiated by Ministers and the Department in exercise of my formal powers of inspection;
- b. issues of general concern outside formal powers and covering a number of local authorities, by agreement with the authorities concerned, and in accordance with a programme agreed by the local authority associations;
- c. requested by individual local authorities to cover specific services or activities.

Of these three, a. and c. will continue as before; and I would expect the activity at c. to be limited in extent and to relate primarily to specific, localised management problems. The key area is b.; and it is through the expansion and redirection of this activity that we would hope to make an impact on the general level of efficiency in delivery of personal social services. As the activity will be entirely extra-statutory we shall be reliant on the voluntary co-operation and goodwill of staff in the inspected local authorities; and this makes it important that the programme should have both the endorsement of the local authority associations and the agreement of the individual authorities involved in any particular instance. But this "steering" function involving the local authority associations will relate solely to the setting up of the annual programme of work. The SSI will report to me and the individual authorities, and not to the steering group; and as I have said, our internal management arrangements will ensure that reports are soundly based on Government policies and priorities. There is no way in which the local authority associations could hijack the Inspectorate and use it in support of their political ends.

In proposing that the SSI should be reinforced - for studies of the b. type - by staff on attachment from local authorities, I have had in mind not so much social services staff - who would normally duplicate the expertise of our own people - as staff from treasurers' departments or central management; similarly attachments from other organisations and disciplines would be, for example, management accountants, experts in information technology or others required to complement the Inspectorate's own skills. Again, there is no scope for local authorities turning the Inspectorate into an instrument of their political ends.

You mentioned the relationship between the Inspectorate and the Audit Commission. I see the two as complementary, and working in close alliance. So far the Audit Commission has been able to devote only limited attention to the personal social services; and their work has been less than definitive. The interests of the Commission are so wide, and so many are the activities of social services departments and so varied the standards of performance by local authorities

that I think it essential to back up the work which the Commission can do in this field with related, more intensive studies which make full use of social services expertise. I hope that the two bodies can co-ordinate their work closely, and we for our part intend to collaborate as fully as we can.

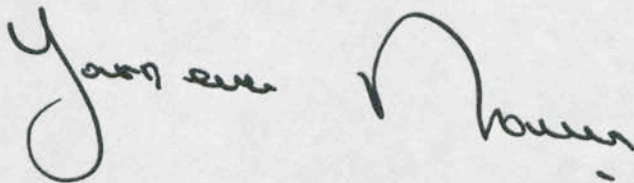
You also mentioned the possibility that the SSI might be set specific targets in terms of savings to be made. With the best will in the world this seems to me quite impracticable. The interactions between the personal social services and the NHS and between them and the voluntary sector vary so much in different areas that targets of that kind would be entirely academic. Nor could they be enforced on individual authorities. I think we must retain a pragmatic approach.

Finally, you raise the question of timing of the establishment of the Inspectorate and suggest delaying it until SWS has been staff inspected. The fact is that contrary to the recollection of your Department SWS were staff inspected in 1972 and 1977 (and since 1977 numbers have been reduced by 30 or almost 25 per cent). They would have been inspected again more recently had it not been for the proposal to establish the Inspectorate. It seems more sensible - and I must say that I still think it makes sense - to delay that inspection until the new pattern of activity was settled, so that the benefit of the effort expended could extend some way ahead.

I should like to be as helpful as I can on timing; but it was April last year when we first canvassed these proposals and November when we reached an understanding with the local authority associations. The Social Services Committee in their Second Report for 1981-82 made an explicit recommendation in favour of an inspectorate based on SWS, and I expect them to question me when next I appear before them on the outcome of the recent consultations. I do not myself believe that early establishment of the Inspectorate would create difficulties for us in the handling of the rate-capping legislation since its first report under the b. heading above could hardly be rendered before the middle of next year. Moreover, I think the availability of the Inspectorate could be very helpful to us in resolving some of the problems which will face us when we come to implement the legislation, for example on derogations. Nevertheless, if Patrick Jenkin or you saw advantage in it I should be ready to confine myself at this stage to announcing that the inspectorate would be set up (on the basis of a revised statement agreed with the local authority associations) at some stated future date - say 1 October next. In that way we could still obtain the advantage to be gained from the early resolution of uncertainty.

I hope that in the light of this fuller explanation of the background to my proposals you will feel that the difficulties you foresaw need not arise. If you would like to discuss any aspect of the proposals I am at your disposal.

I am copying this and the enclosure to the Prime Minister, Willie Whitelaw, Leon Brittan, Patrick Jenkin, Keith Joseph, Nicholas Edwards, George Younger, Jim Prior, Sir Robert Armstrong and Robin Ibbs.



NORMAN FOWLER

SOCIAL SERVICES INSPECTORATE: DRAFT JOINT STATEMENT WITH THE LA ASSOCIATIONS

1. In April 1983, the Secretary of State sent to the Chairman of all Social Services Committees a consultative document proposing development of the Department's Social Work Service - which already exercises inspectorial functions - explicitly into an inspectorate for the local authority personal social services. In the light of a wide range of helpful comments on the consultative document, the Government has now reached agreement in principle with the local authority associations on the way forward.
2. The resources available to social services departments are always going to be under heavy pressure. It is therefore necessary to ensure their most efficient and economic use. The aim of the Social Services Inspectorate will be to assist authorities to obtain value for money by making the most effective use of existing professional and other resources, and to spread good practice. Its work will complement that of the Audit Commission for Local Authorities in England and Wales.
3. Inspections will be of 3 main types:-
 - a. initiated by Ministers and the Department in exercise of the Secretary of State's formal powers of inspection;
 - b. issues of general concern outside formal powers and covering a number of local authorities, by agreement with the authorities concerned, and in accordance with a programme agreed by the LA associations; and
 - c. requested by individual local authorities to cover specific services or activities.

Reports written as a result of formal inspections would be made in the first instance to the Secretary of State, but all other reports would be concurrently to the authorities concerned for their Social Services Committee to see. Reports would normally be documents of public access.

4. Formally, the existing statutory powers of inspection (which are considered sufficient for the purposes of new Inspectorate) are vested in the Secretary of State, and he will be the Minister responsible for the Inspectorate's management and actions. In practice, however, the programme of work of the Inspectorate

outside formal powers will be a joint concern of central and local government. This will be reflected in a Steering Group of the Government and the local authority associations, whose detailed terms of reference are under discussion with the associations.

5. The staff of the Social Services Inspectorate will consist of members of the existing Social Work Service, supplemented by staff from relevant disciplines on attachment from local authorities and when appropriate from other organisations, including experts in financial management and value for money techniques. The Inspectorate will continue existing collaboration with HM Inspectorate of Schools and the Probation Inspectorate and will work closely alongside the Audit Commission.

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My ref:

Your ref:

4 April 1984

Dear Norman,

SOCIAL SERVICES INSPECTORATE

Thank you for sending me a copy of your letter of 10 March to Peter Rees.

I was glad to see your assurances that the proposed Inspectorate would be constrained to act within national economic policy objectives, that it would concentrate on value for money and the most effective use of existing resources, and that it would act as a complement to the Audit Commission rather than duplicating any studies that the Commission may carry out in the Personal Social Services field.

I have no objection to your pursuing your consultations with the local authority associations on the terms of the joint statement. But I remain unhappy about the timing of any announcement at a time when we are trying to get the Rates Bill through Parliament. Whatever the terms of the announcement, the new initiative is bound to be seen by some in local government as Government pressure for increased PSS spending by some authorities. Indeed I doubt if the Associations would be so happy with the proposal if they thought that the Inspectorate's main thrust was to be a specialist arm of the Audit Commission. Opponents of the Rates Bill are certain to misinterpret the proposal, wilfully or not - indeed, with the new terms of reference it might be cited as an example of increased centralism!

Subject to colleagues' views, therefore, I should prefer no commitment at all to be given about timing at the moment; and I should like the chance to comment again, both on the terms of the announcement and on its timing, when you have had the Associations' views on the revised joint statement.

I am copying this letter to Peter Rees and the other recipients of your letter.

Patrick Jenkin

PATRICK JENKIN

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