

PRIME MINISTER

RAYNER PROPOSALS FOR PAYMENT OF SOCIAL SECURITY BENEFITS

The interdepartmental study of offering the option of direct credit to bank accounts has now been completed.

In the summary, the conclusions are:

(a) The likely take-up rate will create for DHSS annual savings of £7m by 1984;

(b) In that timescale, the Post Office expect to be able to reduce counter costs by about £5m per year (reducing Crown Office costs by £2m and sub-Postmasters' remuneration by £3m, representing 1.8% of their total remuneration);

(c) The Post Office believe that these changes can be absorbed without material detriment to either sub-Post Offices or the Crown Office network. But the Post Office claim to be unable to absorb the remaining £2m, which will have to be borne by the counter users, including DHSS themselves.

This amounts to a net saving of £5m with any additional costs of the new system to be offset by DHSS against this.

Further work is to be done on the rest of the Rayner proposals in this area. Sir Keith Joseph will have to consult the sub-Postmasters, and he and Mr. Jenkin have to decide whether to announce the intention to offer this option in isolation, or to await the other work.

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