

PRIME MINISTER

Mr. Jenkin has now written to colleagues about Sir Derek Rayner's study of payment of benefits. He divides the proposals into three groups. He would like to go ahead as soon as possible on the second and third points, (payment into bank accounts as an option, and improvements in DHSS administrative practices.)

On the first point, less frequent payment of benefits, he recognises that the current controversy means that he must proceed with care. He wants more interdepartmental work on the consequences for the Post Office, and he is clear that it will be necessary to leave the option of weekly payment more widely available than recommended by the report. *- it must be welcome.*

He is also doubtful about publishing the report, or a version of it, at present, given the controversy.

We should await comment from other Ministers with a direct interest, including the Chancellor and Sir Keith Joseph, on these proposals for further action. But, in the meantime, you asked to see the report. I therefore attach it at Flag C, together with the summary and commentary which Mr. Priestley prepared for Sir Derek Rayner (Flag B). Mr. Jenkin's current proposals to colleagues are at Flag A.

*MP*

29 February 1980