



Prime Minister 1
Content? If so, I
could write as per
the draft at Flag C.

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

Yes - but see comments below
mt

TL
1/4

PRIME MINISTER

ARRANGEMENTS FOR THE PAYMENT OF SOCIAL SECURITY BENEFITS

Flag A

I have seen your Private Secretary's letter to mine of 21 March commenting on the proposed terms of reference for the inter-departmental group to examine the implications of the proposals for paying social security benefits, which I circulated with my letter of 17 March. I have also seen comments from Humphrey Atkins (18 March), Patrick Jenkin (21 March) and Keith Joseph (21 March).

Flag B

*Why then
have we
asked to
comment?!*
TL

2. Now that Adam Butler has written to Sir William Barlow, inviting him to nominate representatives for the group, presumably with the terms of reference, I think it would be difficult to change them in the way you and Patrick Jenkin suggest. I do not however think this matters. The terms of reference were deliberately devised so as to encompass all the main issues and I see no difficulty in arranging that the group takes account of the points you and Patrick make. I have accordingly asked the chairman of the group to ensure that it covers, inter alia, the following points:-

*Why - if
I should not be
so concerned.*
mt

- (a) As suggested by Patrick, consideration of item 1 of the terms of reference will not explore the desirability of direct credit to bank accounts but confine itself to examining the consequences for the Post Office and other user departments of offering the option;
- (b) the fairness of the distribution of income between Crown Post Offices and sub-post offices - a point made by both you and Patrick;



- (c) greater use of National Girobank for the payment of social security benefits;
- (d) the extent to which it is possible to generate new counter work to be undertaken by Post Offices.

3. I entirely agree with your view that, however the Government responds to the need to protect the recipient and the agent (sub-post offices) from any seriously damaging effects in the process of change-over to less frequent payments, the Government must be free to vary existing arrangements for benefit payment if it wishes. The Official Group will no doubt wish to consider how to reconcile these two objectives. I feel, as you do, that the case for a reform of the system of making payments of social security benefit, and the savings associated with it, has not so far been presented in a sufficiently positive manner. It must not go by default and the Government need not be defensive about it. I hope that, when the official report comes to us, we shall bear these points in mind when presenting our proposals.

4. I note Patrick Jenkin's reservations about the wisdom of including the Post Office as members of the Group. I think however their membership is inevitable since we have to look to them to provide much of the detailed information. Indeed, it would look odd to have an interdepartmental group considering the Agency Agreement without their membership. There may of course be occasions when some work will have to be done by a more restricted membership. And I would expect the preparation of policy advice for Ministers to be a Whitehall matter.

5. Humphrey Atkins may care to note that DHSS (NI) officials would be included in the Group.

6. Patrick Jenkin also raises the question of consultation with the National Federation of Sub-Postmasters and the UPW. I agree

/with him



with him that we do not wish to be committed to such consultations until we have seen the official report.

7. I am sending copies of this letter to other Members of the Cabinet, including the Minister of Transport, Paul Channon, Sir Derek Rayner and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G.H.' with a flourish.

(G.H.)

31 March 1980

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11 - APR 1980

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