

PRIME MINISTER

YOUR VISIT TO DE ON 26 NOVEMBER

1. I attach some notes on the Organisation of the DE Group and on the Unemployment Benefit Service, as requested. I also offer a very simple one on Labour Market Problems. As I am abroad next week, I cannot attend your briefing, but Mr Priestley knows my views and is available.

"Rayner projects"

2. I have yet to receive the DE's reports. One is on the "peaking" of work in local offices of the Unemployment Benefit Service (UBS), while the other is on the use of part-time staff. I visited a local office, in Stepney, some weeks ago. My impression is that the UBS is good at paying benefit, but seriously hampered in its attempts to check abuse by its separation from its old stablemate, the Employment Service, now part of the MSC. As suggested in the attached note on the UBS, I think that there is a good case for re-integration.

3. I am considering the MSC's reports now. One is on Skillcentres. It bravely recommends curtailment, including closures in such difficult areas as Clydeside. The other is on the allowances paid to TOPS and other trainees. It suggests both simplification of structure and added inducements to certain types of potential trainee. Both reports raise in my mind wider issues as to the direction and scale of the Government's training effort which I shall want to discuss with Mr Richard O'Brien and probably with the Secretary of State.

DE Group Organisation

4. The employment and training services offered by the Government should certainly be effective, otherwise there is no point in offering them. But the Quango form of organisation is not the only way to make them so.

5. The MSC is in some respects an impressive (it is plainly a determined) organisation. But it shows a big-spending Quango can be difficult to control; the last Government's spending policy did not help. The MSC has been too interested in big numbers (not entirely its own fault). The TOPS and Jobcentre programmes are good examples of the dangers of the "big" approach.

6. If the MSC is kept, rather than the Employment and Training Services being brought back into the DE, it should be more subject to Ministerial discipline, its expansionism curbed and its very considerable talents and energy re-routed to more limited and economical goals.

7. The present composition of the Commission places a mistaken faith in the capacity of the CBI and TUC to deliver. Neither is representative of its "side" of industry.

8. The MSC is probably overmanned - that is, its many staff may be busy but I am not sure that they are productively busy, notably in Jobcentres and the administrative organisation.

9. Its regional and field organisation is ludicrously elaborate (see attachment to my note on organisation) and is grievous to the staff. I suggest that the Government should take an early opportunity to specify the scope and scale of MSC activities and administration.



Derek Rayner  
16 November 1979