

PRIME MINISTER

RAYNER STUDY ON UNEMPLOYMENT BENEFIT

Flag A is a minute from Messrs. Prior and Jenkin, seeking approval through H Committee to publish the study group report, with one or two minor modifications, and to publish their response to the recommendations - draft at Flag B.

The minute considers with some care the issues surrounding the three major recommendations, on voluntary registration, a single office, and fraud.

You made it clear early on that you attached more importance to the conclusions of this study. The message seems to have got across, and the Ministers concerned do seem to have decided to go for the full package, subject only to a couple of minor points.

Derek Rayner's office are encouraged by the proposed response but feel that there is scope for some further stiffening of the Ministers' resolve. They have suggested that we might write on your behalf as in the draft at Flag C. The points made in paragraphs 2 - 7 of that draft letter are worth covering. Provided you are content with the statement in paragraph 5 about new investment to achieve savings, I suggest that I should write on these points. Agree? We should perhaps leave Derek Rayner's office to argue for themselves the lesser points in paragraphs 8 - 9. Agree?

*Answer
Yes*

Yes

MRD

and

20 February 1981

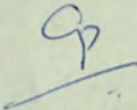
CONFIDENTIAL

Mr PATTISON



DE/DHSS JOINT SCRUTINY

1. We spoke this morning. I have now had a chance to read the minute to the Home Secretary and the draft response.
2. As you said, both are on the whole encouraging and right-minded. However there are some points on which the two Departments need gingering up. These are (I hope) captured in the attached draft letter which - if the Prime Minister is content - you might send on her behalf to the Home Secretary.


C PRIESTLEY
20 February 1981

Enc: Draft letter to Mr Halliday

CONFIDENTIAL

J F Halliday Esq
Private Secretary to the
Secretary of State for the Home Department

DE/DHSS SCRUTINY OF THE PAYMENT OF BENEFITS TO THE
UNEMPLOYED

1. The Prime Minister has seen the minute to the Home Secretary from the Secretaries of State for Employment and Social Services and is grateful for the despatch with which the report had been considered. She is generally well content with what is now proposed. She would however be grateful if the following points could be considered.

Registration

✓ 2. Voluntary registration may be said to save claimants (and taxpayers) a needless and expensive activity; or to weaken benefit control; or ^{to} weaken the Employment Service.

✓ 3. The Prime Minister believes that the first assessment is the most correct, but that all three will need careful anticipation in Parliamentary and press briefing, with a firm emphasis on

- ceasing to make everyone go to a Jobcentre

- the associated savings to public expenditure
- the existing scale of investment in the MSC's work.

✓ 4. The Prime Minister hopes that a firm line will be taken in consulting the MSC. While it would indeed be better to take the Commissioners along with Ministers, the MSC ^{should} ~~must~~ accept that they ^{do not} ~~neither~~ fund ~~nor own~~ the services which they run on behalf of Ministers.

One office

✓ 5. The Prime Minister notes that the estimate of expenditure given in paragraph 22 of the draft response (£45-90 million over 5-10 years) may be criticised as very wide, but she wishes me to say that she does not object in principle to new investment to achieve savings.

✓ 6. The Prime Minister hopes that a firm decision will be taken after the two-month period of study referred to in paragraph 27 of the draft response. [If experiments were then to be mounted, they should be undertaken and completed quickly.]

Fraud

7. The handling of fraud in paragraphs 28-30 of the draft response may be adversely criticised. The scrutiny team said in paragraph 7.50 of their report that the value

✓ of benefit fraudulently claimed would have been £103m two years ago if at the level of 8%. Despite the qualifications surrounding the 8% estimate, the Government may be accused of want of determination if it restricts its counter-measures to the degree suggested in paragraph 30; it is unclear from the draft how far the changes proposed go towards preventing losses on the scale suggested by the report.

Other points

α 8. The tone of paragraphs 9 - 20 of the draft response is slightly metallic. It would help if the reference at the end of paragraph 6 to ^{an} improved service for the public was filled out by quoting an example or two, eg the extension of quarterly attendance (recommendation 23).

↳ 9. The Prime Minister was struck by the apparent inefficiency caused by the difference in payment periods (recommendation 38) and would like to see early progress made to correct this. Similarly, on management formulas (recommendations 62 - 66), while she understands that changing circumstances may somewhat alter the case as seen by the team last year, the Prime Minister looks forward to early corrections being made in this matter as in others.

10. I am copying this to John Wiggins (Treasury)

Jim Buckley (CSD), Richard Dykes (DE), Don Brereton (DHSS),
the Private Secretaries to the other members of H Committee,
Clive Priestley (Sir Derek Rayner's Office) and
David Wright (Cabinet Office).

M A PATTISON



HOME SECRETARY

DE/DHSS RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

1 Last February we set up jointly a small team of officials from our Departments, under Sir Derek Rayner's guidance, to examine the existing systems for paying benefits to unemployed people. The team reported to us last November and attached at Annex A for you, as Chairman of H Committee, and colleagues is a copy of the summary and main volume of the team's report. We have already given the Prime Minister an early indication of our response and she also wishes to see implementation pursued urgently.

2 We have now completed our initial consideration of the report's recommendations and we propose, jointly, to publish the team's main report (but not the summary) and our response at the end of February. Attached at Annex B is our proposed version of that response which lists the 81 recommendations and says what we propose to do about them. As far as the report itself is concerned the version which we publish will be edited only to the extent of one or two passages which, unamended, would point to current loopholes in the benefit control system.

3 Most of the report's 81 recommendations are procedural and we plan to implement the bulk of them during this year and next. The exact timing will have to take account of the strains at present imposed on our offices by the exceptionally high claims load and the absolute priority that must be given to ensuring that benefits, to which claimants are legally entitled, are paid.

4 There are, however, three major areas in the report which raise wider issues and it is on these that our proposed response concentrates. These issues are registration for employment, dealing with unemployed people in just one set of offices, and fraud.



Registration

5 The report recommends that registration for employment at Jobcentres should henceforth be voluntary. Our proposed response sets out why we believe that the recommendation is right and, subject to consultation with the MSC whose employment service is involved, should be implemented. However, this has some very important implications of which colleagues need to be aware.

6 First this could be highly sensitive politically. Having to register for work is seen by many as a major check on unemployed people abusing the system. In our view the report shows clearly why registration is not in fact an effective control and how the necessary control can be better achieved. But an effort of persuasion may well be needed - not least with some of our backbenchers.

7 The second point is related. The report suggests that one of the most effective controls in the current systems is the network of DHSS Unemployment Review Officers and recommends that, under voluntary registration, their strength should be increased by 300 so that most claimants to benefit can be reviewed about 16 weeks after claiming. Unfortunately, as our response makes clear, the recent sharp rise in unemployment - and the consequent lengthening in unemployment durations - means that the report's calculations on this point are now very wide of the mark. To review most claimants at 16 weeks in 1981 would require around 2,000 more UROs not 300 more. That said, the report itself recognises that review should be deferred where unemployment is very high and we do not ourselves believe that, even if the necessary staff were available, a universal 16 week review in present circumstances would be cost effective. Our proposed response therefore sets out an alternative review system targetted specifically on those who may be abusing the system and on those in need of special help to get employment. As part of this alternative we still plan to increase the URO complement



by 300. The result, together with tougher tests on availability on the lines recommended in the report, will in our view undoubtedly be a better system of control than currently exists, but there will be no universality of registration or review.

8 Thirdly, our response highlights the effect of a move to voluntary registration on the unemployment figures - namely a once and for all drop of about 1 to 2% or 50,000 in the total averaged over a year. An effect of this scale would have happened anyway because of existing plans in the Department of Employment for computerising collection of these figures. However, since computerisation and voluntary registration need to be brought in together, the latter may be seen as the cause of the effect and we shall have to be prepared to face and rebut charges that we are fixing the figures. Voluntary registration will also affect the coverage of statistics of the disabled unemployed which will be limited to those who register voluntarily - though occasional sample surveys can fill in the picture.

9 Turning to the staff savings from voluntary registration, the crucial determinant is the level of registration assumed under a voluntary system. The report estimated staff savings in Jobcentres and UBOs of around 2,000 at 50% registration and 1,250 at 75% registration but less 125 staff in either case to test availability. Closer examination since by officials suggests a saving of around 1,750 at 50% and 1,000 at 75% with similar offsets in either case: namely 125 staff for the availability test in UBOs and 300 more UROs but with a saving of 200 from reducing certain UBO checks now undertaken. Partly of course the actual level of registration depends on how claimants react but the level can also be influenced to some extent by what claimants are told and in other ways. Our intention is to open consultations with the MSC on the basis that we should aim for a level of registration of 50% and give them a corresponding staff ceiling. But we must recognise that this



registration assumption may prove lower than can be justified and we may end with a higher figure. We must also recognise, for reasons set out below, that these savings will not be available to us until after April 1982.

10 Also crucial, particularly to the MSC's reaction, is how we treat these staff savings. We must make clear that the staff savings will not necessarily be additional to those to which the MSC are already committed in their general placing work in Jobcentres in order to meet our 630,000 target; we cannot ask them to cut the same staff twice. We must also be prepared to examine with the MSC the case for deploying some of the additional savings from voluntary registration to improve the service offered to the unemployed, particularly those referred to them by UROs. Their co-operation in this respect will be highly important. Finally this package can operate only if the 300 extra UROs needed in DHSS and the 125 staff needed in UBOs to test availability can be set off, in this instance, against the savings arising in Jobcentres.

11 The proposed response indicates that implementation of voluntary registration cannot be before 1982 because primary legislation is needed. However, immediately that the report and our response is published we shall begin consultations with the MSC. We need to be clear that, even if we can reach a satisfactory understanding with the MSC on staffing, we shall not automatically secure their agreement. Voluntary registration will mean a major change for their Employment Service and they have already made plain in their published draft Corporate Plan for 1981/85 their belief that the Employment Service is already being reduced to a level which is inadequate to deal with the demands on it and which is not in the interests of the efficient working of the labour market. But whilst we may in the end decide to implement the changes despite MSC opposition, we want to take them along with us on this if at all possible.



One Office

12 The second major area dealt with in our response concerns the report's recommendation that both unemployment benefit and supplementary allowance for unemployed people should be administered from Unemployment Benefit Offices (UBOs) rather than in both UBOs and DHSS social security offices as now. The report recommends that the expanded UBOs should continue to be the responsibility of the Department of Employment. The report estimates ongoing savings of £7-£11m from the change but with a once and for all capital cost of £45-£90m.

13 In the proposed response we accept that unemployed people should have to deal only with one office. This is in line with the long term aims in the DHSS's operational strategy document on the future of social security administration. However, it is not clear that the report's method of achieving this is necessarily the right one and we are investigating this further together with the alternative possibility, which may be quicker and cheaper to implement, of leaving much of the back-up work for supplementary allowance in the social security office.

14 Our officials will now be examining these options urgently, together with officials from the Treasury, CSD and PSA, and we have asked for a report back within 2 months. This will indicate whether a firm decision can then be taken or whether experiments to test out possible options in local offices will be necessary before such a decision can be reached.

Fraud

15 The third major area dealt with in our response concerns fraud. The report estimates that a minimum of 8% of unemployed claimants are fraudulently receiving benefit whilst working. It recommends that an exercise to measure the actual incidence of fraudulent claims be conducted as a matter of urgency in 1981. This is bound to be politically sensitive.



16 As our response indicates there is room for doubt as to how soundly based the 8% figure is. Nevertheless we cannot disprove it and that being so we propose accepting the team's recommendation that steps should be taken to obtain better estimates. This is being set in hand.

17 As far as extra fraud staff for special fraud drives is concerned, the response sets out our position. Given our commitment to reduce the Civil Service it is difficult to go as far as the report suggests. Nevertheless there are substantial net expenditure savings at stake and we consider it right to move in the direction recommended.

Savings

18 Turning to the total staff savings in the report it is too early to predict the eventual outturn. The major staff savings come from voluntary registration and 'one office' and there are uncertainties in relation to both. Clearly relatively few of the staff savings will flow before April 1982 - the only major possibilities being from extending quarterly signing arrangements (400 savings) and substituting cash for the milk tokens issued to some unemployed people (100 savings). We hope to reach decisions shortly on both these issues in consultation with colleagues but we note that the Secretary of State for Employment has already assumed that these savings will be made by April 1982.

19 In terms of expenditure, it is also not possible to forecast at this stage the eventual likely outturn. The report itself makes clear that some of its analysis is, due to insufficient data, subject to large margins of error. In some cases further work is recommended so that firmer estimates can be made. A few of the report's recommendations - for example improving local offices and moving to one office - would require additional expenditure; in most cases in order to attain a long term saving. Others will result in benefit savings. We intend for the most part to phase these together so that where costs arise they are met by savings already accrued from implementing others of the report's recommendations.



Clearly this will not be the case over the expenditure on 'one office' and officials will cover this aspect in their study of the best approach to the 'one office' solution.

Next steps

20 The next step is to publish the report and our response and to seek views on the latter. We propose to allow a consultation period of two months. We will be consulting our Staff Sides, the MSC on the registration proposals and the Social Security Advisory Committee on many of the recommendations. We plan to return to colleagues with firm recommendations on the major issues when the consultation period is over.

21 Meanwhile we should be grateful to receive any comments which you or other colleagues may have on our proposed response within the next 10 days, following which it will be published together with the report slightly edited as we have indicated.

22 We are copying this minute to the Prime Minister, the Chancellor of the Exchequer, the Lord President of the Council, other members of H Committee, Sir Derek Rayner and Sir Robert Armstrong.

JP

PJ

18 February 1981

DRAFT DOCUMENT FOR PUBLICATION

THE PAYMENT OF BENEFITS TO UNEMPLOYED PEOPLE

1 The Secretaries of State for Employment and Social Services announced jointly in March 1980 that they had asked a small team of officials, under the guidance of Ministers in their Departments and in consultation with Sir Derek Rayner, to examine the arrangements for delivering unemployment benefit and supplementary allowance to unemployed people. The team submitted its report to Ministers at the end of November 1980 and this is attached at Annex 1.

2 In deciding that such an examination was called for the two Secretaries of State were influenced in particular by the following considerations:

the size of the current operation

there are now 2.4 million people in Great Britain registered as unemployed. Each week at present about 100,000 people make new claims to benefit whilst around 75,000 cease to claim;

the complexities of the system

the existing system involves three different sets of offices - Unemployment Benefit Offices (UBOs), Social Security Offices and Jobcentres - and two benefits - unemployment benefit and supplementary allowance;

the administrative costs

altogether the equivalent of about 35,000 people are engaged full time in DE and DHSS in administering unemployment and supplementary benefits for unemployed people. An element in the work of the 10,000 people employed in Jobcentres is also related directly to the benefit system. The total cost of the DE and DHSS staff involved in 1979/80 was about £135 million and the amount paid out in benefits for unemployed people in that year was about £1,400 million;

the changing structure of benefits

at present about 45% of unemployed people receiving benefit are receiving supplementary allowance either in addition to or without unemployment benefit. The number of unemployed people reliant in whole or in part of supplementary allowance has grown over recent years and the trend towards reliance on supplementary allowance will be accentuated by the phasing out of earnings-related supplement

3 With these considerations in mind the team was asked to examine thoroughly the present administrative arrangements so as to identify any changes in procedure which would increase efficiency and improve the service to unemployed people. In particular the team was asked to apply itself to such basic questions as:

- why is it necessary for many unemployed people to have to deal with three Government offices?
- is the flow of paperwork and information between these offices all essential?
- are current methods of determining whether claimants are available for work and of combatting fraud and abuse working satisfactorily?

The team has addressed these questions and others of a similar nature in its report. Altogether the report makes 81 recommendations for change. The report estimates that full implementation of these recommendations would eventually save about 5,000 staff and yield financial savings of £75-80 m annually although it notes that these figures are inevitably subject to quite large margins of error due in some cases to inadequate data.

4 The team was concerned primarily with questions of administrative efficiency and therefore examined the current structure of benefits for unemployed people only briefly and only from the point of view of easing administration. The report concludes that moving to one benefit for unemployed people is not feasible at present and its recommendations accordingly assume the continuance of both unemployment benefit and supplementary allowance.

THE GOVERNMENT'S RESPONSE

5 Annex 2 to this document lists all the recommendations made in the report and gives the Government's initial reactions to each one. As will be seen 55 of the recommendations have been accepted, at least in principle; 24 are being considered further and 2 have been rejected. The Government's aim throughout is to provide a better, a more economic and a more efficient service to unemployed people who are claiming benefit.

6 The majority of the recommendations relate to the procedures for paying benefits to unemployed people. Most of these have been accepted, although further consideration will have to be given to the technical details and the timing of implementation, and some modifications may be necessary. A few of the procedural recommendations need to be examined further before it can be decided whether they,

or some modification of them, can be accepted. However the Government is satisfied that most of the procedural changes recommended are feasible and that their overall effect will be to improve the service to the public at the same time as achieving useful economies.

7 The Government intends therefore to implement the agreed procedural changes in a phased programme as rapidly as possible. Priority will be given to those which will improve the service and ease the burden on staff and it is planned to implement about 15 recommendations this year. It may not prove practicable to introduce the other changes until some time in 1982 or 1983 because of the need to avoid too many changes at a time when the services are having to cope with an exceptionally heavy claims load and because of the need to contain additional expenditure within the totals of public expenditure already announced.

8 In addition to procedural changes, however, there are three important areas covered by the report on which the recommendations of the team raise fundamental issues. These are referred to below, together with the Government's initial reactions.

Registration, Availability for Employment and Review

9 One of the present conditions for receiving unemployment benefit and supplementary allowance is that unemployed people must register for employment at a Jobcentre (or alternatively, in the case of young people, at a Careers Office) and be available for work. The report concludes that, in practice, registration of adults at the Jobcentre neither establishes that they are available for work nor proves their willingness to work. It also takes the view that compulsory registration is not essential to Jobcentres in their main tasks of filling employers' vacancies and helping job seekers to find work. The report accordingly recommends that registration for employment should be voluntary, except for young people aged under 18, but that:

- (i) the arrangements for ascertaining whether unemployed people are genuinely available for work should be strengthened by introducing an initial test of availability when a claim is first made at a UBO;
- (ii) the rules relating to availability for those unemployed over 3 months should be tightened; and

(iii) a system of review by DHSS's specialist Unemployment Review Officers (UROs) should operate with interviews of most claimants about 16 weeks after first claiming to assist and encourage them to find work and seek to ensure that they are indeed making every effort to find a job.

It should be noted that the report does not recommend any change in the requirement on unemployed people to sign on at the Unemployment Benefit Office as a condition of receiving benefit.

10 The report estimated, on the basis that 50% of claimants would continue to register, that these new arrangements would save 2,000 staff on registration and related work, offset by an additional 125 staff needed for an availability test and a further 300 UROs needed on review work. However these savings, as the report notes, depend crucially on the percentage of claimants continuing to register; and they have also been affected by rising unemployment.

11 The report's recommendations in this area represent a substantial change from the present system. Registration for employment at a Jobcentre has hitherto been seen by many people as an integral part of the benefit control system. However the Government considers that the report sets out clearly and persuasively the reasons why universal and compulsory registration at a Jobcentre is not in fact an effective means of control as well as pointing to more cost-effective means. Furthermore the Government considers that there may well be advantages for the employment service in dealing only with those who have come to it voluntarily to seek jobs and in avoiding commitment of staff and other resources to those who do not wish or need to be helped by the public employment service, providing that the attention of claimants, at benefit offices and elsewhere, is drawn to the services available to help them in Jobcentres. Consequently the Government sees a very strong case for abolishing the statutory requirements on unemployed adults to register for employment.

12 If registration for employment is made voluntary the Government would accept the further recommendation that there should be a test of availability in the UBO, on the lines suggested in the report, when a claim is first made. This would be designed to throw up cases where it was doubtful whether the claimant was genuinely available for work and in these cases could lead either to disqualification from benefit or referral to a URO where a claimant was placing unnecessary or unrealistic restrictions on the work he was prepared to undertake. The Government also accepts that revision of the rules on restricted availability is desirable and is giving this further consideration with a view to implementing changes in 1982.

13 The Government agrees with the report that responsibility for the review of unemployed people for purposes of benefit control should lie with the URO; and that the point during a claim when review commences should be adjusted to suit local employment conditions. Indeed, this latter conclusion has been given added weight by the recent rise in unemployment which has led to people remaining unemployed on average for substantially longer periods. In these circumstances the staff cost of reviewing all claimants at around 16 weeks would be very much greater than the report estimates and it is highly doubtful whether such a review programme would be cost-effective.

14 The Government therefore intends to adjust the timing of review so that UROs see early in their claim those unemployed people whose circumstances indicate that review is likely to be desirable and defer until later reviewing other people where the need for review is less. In particular the Government considers that UROs should see early on in their claim people whose attitude to work is suspect and those who need help for personal or family reasons going beyond the simple need to find work. As far as the first group is concerned the Government envisages that UROs should interview soon after they claim, and as often thereafter as necessary, people such as those with a background of leaving jobs frequently for no very good reason; people whose particular skills or experience mean that in the locality where they live work for them should be readily available; and people identified at the initial test of availability as unnecessarily restricting the work they will accept. The second group will include some of the first group and also other people who, although well motivated, are identified by other staff as needing the help or advice of the URO. To enable this to be done, the Government would, under a system of voluntary registration, strengthen the URO service by the 300 additional posts recommended by the report.

15 These arrangements would make even more important effective co-operation between UROs and the Employment Service. Rather than introducing a new system for informing UROs of specific vacancies, the Government considers that the existing system should be made to work more effectively. In particular, UROs should be advised about the general availability of vacancies and should be able to refer claimants to Jobcentres for consideration for submission to suitable vacancies, normally through self-service. Both UROs and Employment Advisers in Jobcentres must be prepared to assist that minority of claimants who have special difficulties. These arrangements would have implications for the staffing of the Employment Service.

16 The Government believes that the procedures outlined in the preceding paragraphs will give an improved measure of benefit control over that operating at present.

17 Introduction of voluntary registration would, however, have implications for the collection of statistics of unemployment. Existing plans in the Department of Employment Group for computerising the collection of unemployment and vacancies statistics - under a system known as JUVOS - already envisaged substantial reliance on the benefit office computer system. It would, for various technical reasons, have led to a discontinuity in the unemployment total of up to some 50,000 at current levels of unemployment (or about 1 to 2% of the unemployed). The introduction of voluntary registration would necessitate some modifications to JUVOS but the net effect on the total would again come out as a reduction of around 1-2%, averaged over a year. A fuller description of the changes in the unemployment statistics is being issued by the Department of Employment.

18 Voluntary registration would affect particularly the current statistics on the occupation and disablement status of unemployed people. Occupational statistics would continue to be compiled, at least initially, by Jobcentres and would relate only to the smaller numbers registering for work voluntarily. Routine information on the numbers of unemployed people who are disabled would in future also relate only to those registering voluntarily. Sample surveys to measure the extent of disablement amongst all unemployed people would also be undertaken from time to time.

19 A move to voluntary registration would clearly affect not only the operation of the Unemployment Benefit and Social Security offices, but also the operation of the MSC's Employment Service Division in relation to its potential clients. The MSC have already stated in their proposed Corporate Plan for 1981/85 that they will be examining a change to deferred or voluntary registration as a means of maintaining an effective employment service in the face of cutbacks in staff; and the contribution that staff savings arising from voluntary registration can make to the reductions in staff already required of the MSC will need to be considered. Because of the evident implications of the above proposals for the operation of the Employment Service and the importance of its contribution to the new system, the Government is consulting the MSC before taking a firm decision on voluntary registration.

20 Implementation of a move to voluntary registration would require changes in the law and could present administrative problems if it took place before the new computerised statistical system - JUVOS - (see paragraph 17), was in operation. The necessary legislation to introduce voluntary registration, if the Government

decides after consultation to proceed, would be introduced in the next session of Parliament with the intention of making the change during 1982. However, the full effects of the change, (for example in staffing terms) would not be evident for one or two years thereafter.

One Office for Payment of Unemployment Benefit and Supplementary Allowance to People who are Unemployed

21 If voluntary registration were introduced, unemployed people, except when referred by a URO, would no longer have to visit the Jobcentre as part of the process of claiming unemployment benefit and supplementary allowance. But as things stand, if they were eligible for supplementary allowance there would still be two offices to visit for benefit purposes - the UBO and the local DHSS office. The report accordingly recommends that unemployed people should have to attend at only one office to claim unemployment and supplementary benefits. It recommends that this office should be the UBO and that UBOs should continue to be run by the Department of Employment (DE). The report assumes that this would of necessity entail moving all work on supplementary allowance for unemployed people from DHSS local offices to UBOs. The report further suggests a review by Ministers of whether policy on unemployment benefit and control of the computer system related to it should pass to the Department administering the system.

22 Chapter 8 of the report sets out the facts and arguments adduced by the team in support of its recommendations and the judgements and impressions that it formed on these matters. The team considers that combining the work in the UBO in the way it suggests would give a better service to people who are unemployed, and it estimates that this could lead to ultimate savings in manpower of over 2,500 and of savings in annual expenditure of £7-11million. These savings would follow a once-for-all investment of £45-90 million in premises costs spread over the 5 to 10 years that in the team's view the programme of transferring the work would take.

23 The Government accepts the report's recommendation that unemployed people claiming unemployment benefit and supplementary allowance should have to deal with only one office on these benefits instead of 2 or 3 as at present. This will be a significant step in line with one of the aims of the Government's social security operational strategy that claimants should so far as possible be dealt with from a single point of contact on their social security benefits - the 'whole person' concept - rather than, as now, separately on each aspect of their benefits. It is planned that the social security system in the future should

provide the public with ready access to the whole system through each point of contact, which should be able to initiate action on claims and to give accurate and up-to-date advice and information on all social security benefits and contributions.

24 The Government also accepts that the point of contact for unemployed people for their benefits should be the network of UBOs, run by the Department of Employment, because the unemployed already attend there and it would be a severe diminution in the service to limit their points of contact in future to the much smaller number of DHSS local offices. The way in which the work of the two Departments concerned can best be organised to this end requires further examination, which has already been put in hand. It is not clear, for example, that in order to achieve the "one-person one-office" concept it is necessary to transfer all the supplementary allowance work for unemployed people from the ILOs to the UBOs, as the team recommends, or that this would be the best way of proceeding. As the report recognises, there would be disadvantages and costs in splitting off one part of the supplementary benefits scheme, providing new premises and redeploying the staff, and the changes would take some years to complete. The problems that might arise in running the supplementary benefit scheme from two sets of offices are also relevant and the report does not discuss some of the other services currently run by DHSS for unemployed people.

25 The further examination will therefore consider whether there are other options which would minimise the need for major accommodation changes, and hence costs, whilst embodying the 'whole person' concept. One possibility which is being looked into, as part of the Government's further examination, would involve reinforcing the UBOs to enable them to be the contact point for supplementary allowance as well as unemployment benefit, but would maintain the present arrangements for processing unemployment benefit claims in UBOs, assessing supplementary allowance entitlement in DHSS offices and payment of both by computer as now.

26 The Government must also bear in mind the constraints that exist on public expenditure. The potential savings offered by the one office concept are substantial but so is the initial investment, principally for accommodation, is itself potentially very large. In the assessment of the proposals and alternatives therefore the Government will bear in mind the need, so far as possible, to keep the cost within the scope of the programmes for public expenditure that have already been set.

27 The Government's examination of both the report's proposal and the alternative mentioned above will take place within the next two months.

Fraud

28 The report suggests that 8% or more of unemployed claimants are unlawfully working and claiming benefits. It recommends that attempts should be made to measure the level and nature of such fraud; and makes a number of recommendations intended to increase both the amount of effort put into fraud work and the efficacy of that effort. It points to monetary savings of £24 million after allowing for the cost of the additional 750 staff it recommends to undertake special fraud drives in DE and DHSS offices.

29 The Government notes the team's views on the level of fraud among unemployed claimants. As the team itself recognises in its report, however, its main evidence comes from the results of special fraud drives carried out in only two of DHSS's twelve regions and relates only to claimants receiving supplementary allowance. There must therefore be considerable doubt about the statistical accuracy of the team's estimate. But the importance of obtaining more soundly based estimates of the level of fraud is self-evident. The Government therefore accepts the recommendation that urgent steps should be taken to that end. Consideration is now being given to how this should be done with a view to research later this year.

30 As far as the commitment of extra staff to special fraud drives is concerned, the Government accepts that this is desirable in principle although not necessarily to the extent recommended in the report. In the DHSS plans are in hand for the redeployment of some fraud specialists during 1981/82 in order to establish in each of the 12 DHSS regions the capacity to undertake special reviews in areas of high fraud risk along the lines recommended in the report. In the DE there is less scope for redeploying existing fraud specialists on to the special reviews and the Government therefore intends to allocate additional staff to DE as the report suggests. As a first step DE plan to use 30 staff on this work enabling special fraud drives to be undertaken in a number of regions. The results of this will be carefully monitored over the next year and, assuming that the benefits are of the order indicated by the team, further additional staff will then be introduced.

CONCLUSIONS

31 The Government welcomes the report in which the scrutiny team has lucidly explained how the present arrangements work and how they can be improved. Much further work now needs to be done to take forward the recommendations and inevitably there can be no certainty that the report will prove on further examination to be accurate in every detail. As the report makes clear, some estimates of the staffing consequences of particular recommendations have necessarily been based on incomplete data and further work may well indicate that revision is necessary. The increase in the level of unemployment since the report was written will also have affected a number of the estimates. Nevertheless the report appears to the Government to provide a sound basis for making changes in the payment of benefits to unemployed people which will lead to a service which is better for the claimant, the staff and the public as a whole.

32 The Government intends to press ahead urgently with implementing the many acceptable recommendations in the report in accordance with the timescales set out in this document and in Annex 2. There are, however, considerable pressures currently on the benefit system and some modification of these timings may prove to be necessary in order to avoid over-burdening the existing services. Priority will be given to implementing those procedural changes which will ease the pressures now on the system.

33 The report has recommended many changes in procedures, but the Government wishes to emphasise that this is in no way a reflection on the service at present provided by the staff, often in difficult circumstances. The Government recognises and appreciates the high quality of work being done, and the dedicated way in which the staff operating the benefit services for unemployed people are coping with the current pressures.

34 The Government will now be initiating detailed discussions on the relevant recommendations with the representatives of the staff concerned and will be consulting the MSC about the recommendations on voluntary registration and the Social Security Advisory Committee as appropriate. The Government will be considering further the recommendations noted as requiring more study, notably those on registration, one office and fraud, and any organisation or individual who wishes to comment on what is initially proposed is invited to send such comments either to Miss C Buttar, Department of Employment, 12 St James's Square, London SW1Y 4LL or to Miss V Burden, Department of Health and Social Security, Friars House, 157-168 Blackfriars Road, London SE1 8EU before the end of April 1984.

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ANNEX 2 TO DRAFT DOCUMENT FOR PUBLICATION
PAYMENT OF BENEFIT TO PEOPLE WHO ARE UNEMPLOYED
SUMMARY OF SCRUTINY TEAM RECOMMENDATIONS AND INITIAL GOVERNMENT RESPONSE

Recommendation numbers and paragraph numbers relate to the Team's Report.

RECOMMENDATIONS 1-5: Paragraphs 4 01 to 4 76: REGISTRATION FOR EMPLOYMENT AT A JOBCENTRE SHOULD NO LONGER BE A CONDITION OF ENTITLEMENT TO BENEFIT. RESPONSIBILITY FOR QUESTIONING WHETHER A CLAIMANT IS AVAILABLE FOR WORK SHOULD BE TRANSFERRED TO UNEMPLOYMENT BENEFIT OFFICES AND UNEMPLOYMENT REVIEW OFFICERS, WITH AN INITIAL TEST WHEN A CLAIM IS FIRST MADE AND STRICTER AVAILABILITY CRITERIA. THE NUMBER OF UNEMPLOYMENT REVIEW OFFICERS SHOULD BE INCREASED BY 300, AND THEY SHOULD ADAPT THEIR WORK TO LOCAL CONDITIONS AND HAVE CLOSE LINKS WITH JOBCENTRES.

See paragraphs 9 to 20 of this statement of the Government's response.

RECOMMENDATION 6: Paragraphs 4 77 to 4 80: JOBCENTRES SHOULD DO MORE TO DELAY TRYING TO MATCH PEOPLE REGISTERED FOR WORK WITH NOTIFIED VACANCIES WHEN THE VACANCIES CAN BE FILLED QUICKLY AND CHEAPLY THROUGH THE SELF-SERVICE SECTION OF THE CENTRE.

This will be discussed with the Manpower Services Commission with a view to reaching an early decision.

RECOMMENDATION 7: Paragraphs 5 02 to 5 07: SIMPLE IMPROVEMENTS, ESTIMATED TO COST ABOUT £2.4 MILLION ANNUALLY SHOULD BE MADE TO THE PUBLIC SECTIONS OF UNEMPLOYMENT BENEFIT OFFICES AND DHSS LOCAL OFFICES.

Accepted. PSA will assess what improvements can be carried forward within agreed public expenditure programmes.

RECOMMENDATION 8: Paragraphs 5 08 to 5 09: LEAFLETS AND FORMS SHOULD BE DESIGNED TO INCREASE UNDERSTANDING OF THE BENEFIT RULES.

The need for improved communications is accepted, and work on this - including consideration of the range and style of leaflets and forms is already in hand. Special attention

will be given to the needs of unemployed claimants including the possible need for a new leaflet, and it is intended to make improvements during the next twelve months.

RECOMMENDATION 9:

Paragraphs 5 10 to 5 11: UNEMPLOYMENT BENEFIT OFFICES SHOULD BE ABLE TO MAKE APPOINTMENTS FOR CLAIMANTS AT THE DHSS LOCAL OFFICES TO WHICH THEY ARE LINKED.

It is accepted that there is a need to improve the appointments system. Ways of achieving this, including allocating blocks of appointments to unemployment benefit offices, and tied telephone lines, are being examined. The studies should be completed by the early Summer, and changes will be implemented as soon as possible thereafter.

RECOMMENDATION 10:

Paragraph 5 12: SUPPLEMENTARY BENEFIT CLAIM FORMS FOR SINGLE NON-HOUSEHOLDERS WITHOUT DEPENDANTS SHOULD BE SIMPLIFIED AND COMBINED.

There will be experiments with a combined claim form completed by the claimant, with a view to national implementation in the Spring of 1982

RECOMMENDATION 11:

Paragraphs 5 13 to 5 14: A MULTI-PURPOSE EMPLOYMENT REGISTRATION, UNEMPLOYMENT BENEFIT AND SUPPLEMENTARY BENEFIT CLAIM FORM SHOULD BE DEVISED AND TESTED.

Introduction of voluntary registration would reduce the advantages of such a form. Having a single point at which to claim both Unemployment Benefit and Supplementary Allowance would naturally lead to a single form; but trials of a prototype must await decisions on this issue.

RECOMMENDATION 12:

Paragraph 5 15: ASSETS STATED BY SUPPLEMENTARY BENEFIT CLAIMANTS SHOULD BE VERIFIED ONLY WHERE THEY EXCEED A PRESCRIBED LEVEL.

It is accepted that unnecessary checking should be avoided. A modest change in procedures has already been introduced and further changes will be considered for implementation later this year.

RECOMMENDATION 13:

Paragraphs 5 16 and 5 17: SUPPLEMENTARY BENEFIT CLAIMANTS WHOSE CLAIMS LAPSE BECAUSE THEY FAIL TO KEEP AN APPOINTMENT OR RETURN A FORM SHOULD NOT BE SENT A REMINDER.

Accepted, and implementation underway. The requirement to notify the claimant that benefit will not be paid is being studied.

RECOMMENDATION 14:

Paragraph 5 18: THE SUPPLEMENTARY BENEFIT ASSESSMENT FORM SHOULD BE REDESIGNED TO CATER FOR PERIODIC CHANGES OF CIRCUMSTANCES.

Rejected. The form has recently been redesigned, but it is not feasible to adapt it for a minority of claimants in the way suggested.

RECOMMENDATION 15:

Paragraph 5 19: DHSS SHOULD SEEK TO AGREE WITH THE UNIONS THAT CLERICAL OFFICERS CAN AUTHORISE REVIEW ASSESSMENTS, SUBJECT TO A 10% CHECK BY THE SUPERVISOR.

Accepted in principle.

RECOMMENDATIONS 16-17:

Paragraphs 5 20 to 5 21: THE UNEMPLOYMENT BENEFIT OFFICE PROCEDURES FOR GIROCHEQUES AND THE DHSS LOCAL OFFICE PROCEDURES FOR ISSUE OF FORMS NOTIFYING THE AMOUNT OF SUPPLEMENTARY BENEFIT PAYABLE SHOULD BE SIMPLIFIED.

General idea accepted. Aim to implement during 1981.

RECOMMENDATION 18:

Paragraphs 5 22 to 5 28: UNEMPLOYMENT BENEFIT SHOULD BE WITHHELD AT THE BEGINNING OF A CLAIM, WHEN SUPPLEMENTARY BENEFIT IS KNOWN TO BE PAYABLE, UNTIL THE APPROPRIATE OFFSETS CAN BE MADE.

A pilot scheme to reduce duplicate payments is planned to commence in May. The results should be available in the autumn of this year following which recommendation 18 will be re-examined.

RECOMMENDATION 19:

Paragraphs 5 30 to 5 34: MILK TOKENS FOR UNEMPLOYED SUPPLEMENTARY BENEFIT CLAIMANTS SHOULD BE REPLACED BY AN ADDITION TO SUPPLEMENTARY BENEFIT OF EQUIVALENT VALUE.

[To be drafted in the light of Ministerial decisions on submission on this specific issue.]

RECOMMENDATION 20:

Paragraphs 5 35 to 5 41: CLAIMANTS SHOULD BE ALLOWED BENEFIT FOR TWO WEEKS EACH YEAR DESPITE NOT BEING AVAILABLE FOR WORK BECAUSE THEY ARE ON HOLIDAY.

Accepted for implementation when availability provisions are being amended in connection with Recommendations 1 to 5.

RECOMMENDATION 21:

Paragraphs 5 42 to 5 51: THE OPTION OF MONTHLY PAYMENT OF UNEMPLOYMENT BENEFIT AND SUPPLEMENTARY BENEFIT SHOULD BE OFFERED TO BENEFICIARIES WHO WERE MONTHLY PAID WHEN EMPLOYED.

Accepted. Implementation is intended for 1983, to allow time for the considerable computer programming and other work necessary.

RECOMMENDATION 22:

Paragraphs 5 52 to 5 55: THERE SHOULD BE AN OPTION FOR PAYMENT OF BENEFITS DIRECT TO BANK AND GIRO ACCOUNTS.

Accepted. Implementation to be co-ordinated with general extension of credit transfer arrangements for social security beneficiaries, 1982 or 1983.

RECOMMENDATION 23:

Paragraphs 5 56 to 5 60: THE CURRENT RELAXATION WHEREBY CLAIMANTS OVER 50 AND UNEMPLOYED FOR MORE THAN 2 YEARS NEED ATTEND AT THE UNEMPLOYMENT BENEFIT OFFICE ONLY ONCE A QUARTER SHOULD BE EXTENDED TO THOSE OVER 50 AND UNEMPLOYED FOR MORE THAN A YEAR.

Accepted that extension of scope for quarterly signing is desirable. Detailed arrangements will be settled for introduction during 1981.

RECOMMENDATION 24:

Paragraph 5 61: COMPUTER IDENTIFICATION OF POTENTIAL QUARTERLY ATTENDERS SHOULD BE INTRODUCED WHEN RESOURCES ALLOW.

Accepted. Aim to implement during 1982.

RECOMMENDATION 25:

Paragraph 5 62: THE POSSIBILITY OF FORTNIGHTLY ORDER BOOKS FOR QUARTERLY ATTENDERS CONTAINING 13 FORTNIGHTLY PAYMENTS SHOULD BE EXAMINED.

Accepted.

RECOMMENDATION 26:

Paragraphs 5 63 to 5 68: UNEMPLOYMENT BENEFIT OFFICE MANAGERS SHOULD HAVE DISCRETION TO WAVE REGULAR SIGNING BY CLAIMANTS WHO ARE STILL EMPLOYED, BUT ARE TEMPORARILY LAID OFF OR ON SHORT TIME.

Accepted, for introduction during 1981 if possible.

RECOMMENDATION 27:

Paragraphs 5 69 to 5 85: UNEMPLOYED PEOPLE FALLING SICK SHOULD CONTINUE TO BE TREATED AS UNEMPLOYED FOR THE FIRST 8 WEEKS OF SICKNESS.

The advantages and disadvantages of this change - which would require legislation - are being considered in the context of preparatory work for the taxation of short-term benefits.

RECOMMENDATION 28:

Paragraphs 5 86 to 5 90: FINAL PAYMENT PROCEDURES, WHEN A CLAIMANT GIVES NOTICE THAT HE WILL BE RETURNING TO WORK SHOULD BE SPEEDED UP.

Accepted. Implementation during 1981.

RECOMMENDATIONS 29 TO 34:

Paragraphs 5 91 to 5 98: A NUMBER OF CHANGES SHOULD BE MADE TO THE BENEFITS PROCEDURES CONCERNED WITH FAILURE BY A BENEFICIARY TO "SIGN ON" AT THE APPROPRIATE TIME.

The need for change is accepted; and further study is in progress in the context of a wider study of "social" security overpayments. The major recommendations require legislation. It is intended to implement agreed changes as far as possible by 1982.

RECOMMENDATIONS 35 TO 37:

Paragraph 5 99: THE STANDARD OVERPAYMENTS LETTER SHOULD BE REDRAFTED. OVERPAID SUPPLEMENTARY ALLOWANCE SHOULD BE RECOVERED FROM ANY SUBSEQUENT SUPPLEMENTARY ALLOWANCE, AT A FIXED WEEKLY RATE. SUPPLEMENTARY BENEFIT OVERPAID DUE TO DEPARTMENTAL ERROR SHOULD BE RECOVERABLE WHERE THE CLAIMANT COULD BE EXPECTED TO HAVE NOTICED THE ERROR.

Recommendations 35 and 37 are being pursued as part of the wider study of social security overpayment arrangements.

Recommendation 36 has already been implemented.

RECOMMENDATION 38:

Paragraphs 6 01 to 6 23: EXERCISES SHOULD BE MOUNTED URGENTLY TO ENABLE THE IMPLICATIONS OF EXISTING DIFFERENCES IN SUPPLEMENTARY BENEFIT AND UNEMPLOYMENT BENEFIT PAY PERIODS TO BE EVALUATED, WITH A VIEW TO ALIGNING THEM.

Exercises, which will take some months to complete, will be mounted this year. Changes may require legislation.

RECOMMENDATION 39:

Paragraphs 7 01 to 7 06: NEW CLAIMANTS TO UNEMPLOYMENT BENEFIT SHOULD BE ASKED AT THEIR INITIAL INTERVIEW WHY THEY LEFT THEIR LAST JOB, AND BENEFIT SHOULD BE SUSPENDED IF THE CLAIMANT LEFT IN CIRCUMSTANCES WHICH COULD DISQUALIFY HIM FOR BENEFIT.

If appropriate procedures can be devised in time, this will be implemented in part this year, and fully within the next two years.

RECOMMENDATION 40:

Paragraphs 7 17 to 7 20: CLAIMANTS WHO STATE AT THEIR INITIAL INTERVIEW THAT THEY LEFT THEIR LAST JOB VOLUNTARILY OR WERE DISMISSED FOR MISCONDUCT SHOULD BE DISQUALIFIED FOR UNEMPLOYMENT BENEFIT FOR 6 WEEKS, SUBJECT TO SAFEGUARDS.

Accepted subject to further clarification of the legal position and development of suitable procedures. Action in respect of voluntary leavers may be possible in early 1982.

RECOMMENDATION 41:

Paragraph 7 21: ENQUIRIES SHOULD BE MADE WHERE A NEW CLAIMANT SAYS HE HAS HAD NO EMPLOYER FOR THE PREVIOUS SEVEN WEEKS.

Objective accepted, but alternative methods of achieving it will be considered on the basis of cost effectiveness. Agreed changes will be implemented this year.

RECOMMENDATION 42: Paragraphs 7 22 to 7 25: THE SUPPLEMENTARY ALLOWANCE CLAIM FORM SHOULD INCLUDE ADDITIONAL QUESTIONS TO ENABLE REDUCTION ON ACCOUNT OF VOLUNTARY UNEMPLOYMENT TO BE CONSIDERED.

Rejected. This would require more of the form than it is capable of providing.

RECOMMENDATIONS:
43 & 44 Paragraph 7 26 to 7 38: ALL EXECUTIVE OFFICERS IN UNEMPLOYMENT BENEFIT OFFICES SHOULD HAVE FULL INSURANCE OFFICER POWERS; AND ONLY SPECIALIST ADVICE SHOULD BE CONCENTRATED IN REGIONAL OFFICES. APPEALS AGAINST AN INSURANCE OFFICER'S DECISION SHOULD BE SENT TO THE REGIONAL OFFICE FOR REVIEW.

There are reservations about these Recommendations and they are being studied further - including the legal position. Changes that are agreed would be implemented during 1982.

RECOMMENDATIONS:
45; 46 Paragraphs 7 39 to 7 55: THE INCIDENCE OF FRAUDULENT CLAIMS TO BENEFIT SHOULD BE MEASURED AS A MATTER OF URGENCY IN 1981; BOTH DEPARTMENTS SHOULD INCREASE SUBSTANTIALLY THEIR SPECIAL INVESTIGATION AND FRAUD STAFFS.

See paragraphs 28 to 30 of this statement of the Government's response.

RECOMMENDATIONS:
47 to 50 Paragraph 7 56 to 7 65: STUDIES SHOULD BE UNDERTAKEN TO ASSESS THE EFFECTIVENESS OF CERTAIN EXISTING CHECKS ON FRAUD AND OF POSSIBLE CHANGES IN THEM.

Further consideration is being given to this area in DHSS, making use of recently completed studies. In the Department of Employment recommendations 49 and 50 will be implemented by 1982 and further study given to 47 and 48.

RECOMMENDATION 51: Paragraphs 7 66 to 7 68: THERE SHOULD BE AN URGENT REVIEW OF COMPLEMENTING FOR SPECIAL INVESTIGATION AND FRAUD OFFICERS, TO ENSURE THAT NUMBERS ARE ADEQUATE.

The DHSS complementing system has been reviewed and improved. The Department of Employment propose to mount a complementing review in 1981.

RECOMMENDATION 52: Paragraph 7 69: SPECIAL INVESTIGATORS SHOULD ADJUST THEIR WORKLOADS TO ENABLE THEM TO START WORK ON CASES WITHIN 10 WORKING DAYS OF THE CASE COMING TO THEIR NOTICE.

Already accepted as good practice.

RECOMMENDATION 53:

Paragraph 7 70: REGIONAL OFFICE AUTHORISATION OF SPECIAL INVESTIGATION CASES SHOULD BE ENDED.

This will have to be considered in the light of a wider and more detailed study from which the results will be received this Spring.

RECOMMENDATION 54:

Paragraphs 7 71 to 7 75: THE FIRST LETTER TO A CLAIMANT FROM THE UNEMPLOYMENT REVIEW OFFICER SHOULD BE DELIVERED MORE SPEEDILY AND SHOULD WARN OF THE RESULTS OF FAILURE TO ATTEND THE INTERVIEW. IF THERE IS NO PROMPT EXPLANATION OF FAILURE TO ATTEND, BENEFIT SHOULD BE SUSPENDED.

There will be some tightening up of procedures in the Autumn.

RECOMMENDATION 55:

Paragraphs 7 75 to 7 76: THE COMPLEMENTING SYSTEM FOR UNEMPLOYMENT REVIEW OFFICERS SHOULD BE REVIEWED IN THE LIGHT OF EVIDENCE AS TO THEIR EFFECTIVENESS.

This is being considered in the context of the Government's response to Recommendations 1-5.

RECOMMENDATION 56:

Paragraph 7 77: EMPLOYERS' STATEMENTS IN CONNECTION WITH FRAUD CASES SHOULD AS FAR AS POSSIBLE BE TAKEN AT THE OUTSET AS FORMAL WITNESS STATEMENTS.

Accepted, for implementation during 1981.

RECOMMENDATIONS 57-58: Paragraphs 7 78 to 7 82: MORE RESPONSIBILITY IN THE PREPARATION AND PRESENTATION OF PROSECUTIONS SHOULD BE DELEGATED FROM HQ; LOCAL AND REGIONAL OFFICE FRAUD STAFF SHOULD REPRESENT THE DEPARTMENTS IN COURT IN FRAUD PROSECUTION. GREATER USE SHOULD BE MADE OF DEPARTMENTAL SOLICITORS IN OTHER CASES.

This will be considered in the light of a wider study from which a report will be received in the Spring, and of the recommendations of the Royal Commission on Criminal Procedures. Pilot Study may be necessary before any changes are introduced.

RECOMMENDATION 59: Paragraphs 7 83 to 7 89: EMPLOYERS SHOULD BE PROSECUTED IN ALL CASES WHERE THERE IS SOME EVIDENCE OF COLLUSION.

The employer will be prosecuted where the evidence is strong enough.

RECOMMENDATIONS 60-61: Paragraphs 7 90 to 7 97: THE EFFECTIVENESS OF VISITS TO UNEMPLOYED CLAIMANTS DURING THE FIRST 6 MONTHS OF THEIR CLAIMS SHOULD BE REVIEWED; AND RURAL AREA VISITS WHEN A FRESH CLAIM IS MADE SHOULD BE REVIEWED AGAINST THE COSTS OF REQUIRING THESE CLAIMANTS TO COME TO THE OFFICE.

Visiting arrangements are being reviewed, and any agreed changes will be implemented as soon as possible.

RECOMMENDATIONS 62-66: Paragraphs 7 98 to 7 123: VARIOUS CHANGES IN DHSS AND DEPARTMENT OF EMPLOYMENT MANAGEMENT ARRANGEMENTS SHOULD BE CONSIDERED.

There is a need for some changes. The Departments are considering what the most appropriate arrangements would be, bearing in mind the current rapid rise in the number of people who are unemployed. Changes will be implemented as circumstances allow: no timetable can be given.

RECOMMENDATIONS 67-70: Paragraphs 8 01 to 8 76: WORK ON SUPPLEMENTARY ALLOWANCES FOR PEOPLE WHO ARE UNEMPLOYED AND THE ASSOCIATED STAFF SHOULD BE MOVED TO UNEMPLOYMENT BENEFIT OFFICES: AND EACH CLERK SHOULD DEAL WITH BOTH BENEFITS. THE NETWORK OF UNEMPLOYMENT BENEFIT OFFICES SHOULD BE RUN BY THE DEPARTMENT OF EMPLOYMENT. RESPONSIBILITY FOR UNEMPLOYMENT BENEFIT POLICY AND FOR THE UNEMPLOYMENT BENEFIT COMPUTER CENTRES SHOULD BE REVIEWED IN THE LIGHT OF DECISIONS ON OTHER RECOMMENDATIONS IN THE REPORT.

See paragraphs 21 to 27 of this statement of the Government's response. The question of who should run the computer centres which handle unemployment benefits, and the allocation of responsibility for unemployment benefit social security policy, will be considered once the procedural issues have been settled, and in the light of wider considerations.

RECOMMENDATIONS 71-77: Paragraphs 9 01 to 9 32: VARIOUS DEVELOPMENTS OF THE WORK CARRIED OUT BY COMPUTERS SHOULD BE STUDIED, TESTED, AND WHERE APPROPRIATE IMPLEMENTED.

All these recommendations except no 76 are broadly acceptable. Number 72, which concerns ceasing to issue unnecessary notifications to local offices, is being implemented this year. Recommendations 71 (leaving the computer to trace the national insurance number), 73 (sending certain notifications to local offices by computer rather than post), 74 (extending use of the 'datalink' communication between Newcastle DHSS Central Office and DHSS local offices), and 75 (connecting Newcastle to unemployment benefit computer subcentres by datalink), are recognised as requiring a longer timetable. In general, implementation will not be possible until after

April 1982 - in the case of Recommendation 73 not before April 1984. Recommendation 76 (a link between the unemployment benefit computers and DHSS local offices) requires reconsideration in the light of other decisions. Recommendation 77 (testing a system under which computer payments would continue until the unemployment benefit office asked for them to be stopped) will be implemented after taxation of unemployment benefits has been introduced in April 1982.

RECOMMENDATIONS 78-80: Paragraphs 9 33 to 9 46: COMPUTER UPRATING OF SUPPLEMENTARY ALLOWANCE FOR UNEMPLOYED PEOPLE; REPLACEMENT OF LOCAL CLERICAL RECORDS BY COMPUTER RECORDS; CONSIDERATION OF THE POSSIBILITY OF MAINTAINING AN UP-TO-DATE EMPLOYMENT AND BENEFIT STATUS RECORD.

The first of these will be examined further in 1981. It is technically feasible but could not be implemented for some time. It will be examined further in the meantime. The other two Recommendations are already covered in the long-term operational study of the application of new technology to the payment of DHSS benefits generally.

RECOMMENDATION 81: Paragraphs 10 1 to 10 4: CURRENT CONSIDERATION OF A POSSIBLE SHORT-TERM SUPPLEMENTARY BENEFIT SCHEME SHOULD COVER THE POSSIBILITY OF THIS BEING RUN FROM UNEMPLOYMENT BENEFIT OFFICES FOR UNEMPLOYED BENEFICIARIES.

Accepted.