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The Rt. Hon. William Whitelaw, CH MC MP

W Whitelaw

DE/DHSS RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

I have seen the minute to you of ¹⁸ February from the Secretaries of State for Social Services and Employment, and the comments from the Prime Minister of ²³ February and the Lord Privy Seal of ²⁵ February.

I think the report is an important and radical one and I welcome the positive response that the joint minute proposes. I certainly agree that the report should be published and I am content with the draft report circulated as Annex B to the minute.

I remain concerned however about the heavy investment cost of the "one office" proposal. Like the Prime Minister I have no objection in principle to the proposition that there may need to be new investment to secure savings.

We do however have a very difficult public expenditure position and I should want to ensure that the implementation of the one office is contained within planned totals of public expenditure. Indeed, the need for savings in public expenditure is such that I should want to secure these with as little offsetting for additional accommodation and staff costs as possible.

The draft response rightly draws attention to the public expenditure constraint and indicates that other options for rearrangements will be explored. I welcome this. It is by no means clear that, in order to reduce the total accommodation occupied and reduce staff, we have to add to the existing civil estate or build more offices for a reduced number of civil servants.

I see that the draft response does not endorse fully the Rayner team's proposals for employing an extra 750 staff to

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combat fraud. As I have made clear in earlier correspondence, I have reservations about these proposals. The fact is that it is at least two to three times more cost effective to increase staff to tackle fraud on the Inland Revenue and Customs front than to increase DHSS fraud staff. This point would be strongly made, as it was last year, by my Revenue staff unions. This would not, of course, in the final analysis be decisive, and if I felt their view was mistaken, I would not mind if these proposals went ahead. But they would have a real point; it is intrinsically absurd to be apparently more willing to increase staff costs in the least cost-effective area.

I have comments on two minor recommendations. There is a risk of an unfavourable reaction to Recommendation 20 that benefits payments should be allowed to recipients who go on holiday. The sponsors of the report will no doubt wish to consider how this might be handled.

Recommendation 65 was for a review of the management formula for staffing local offices. I was struck particularly by the comment in paragraph 7.114 that the present arrangements seem to be "over-egging the pudding". No doubt the CSD will be considering what lessons this may have for the management organisation in other Departments.

I am sending copies of this letter to the Prime Minister, the Lord President, Secretaries of State for Employment and Social Services, other members of H Committee, Sir Robert Armstrong and Sir Derek Rayner.

GEOFFREY HOWE

