

PRIME MINISTERUnemployment Benefit Scrutiny

Here are the Chancellor's comments on the draft Government response to the scrutiny team's report. You will see that he is unhappy about the possible capital investment required to move to a one-office system; and that he is still arguing that Inland Revenue has a strong case for more investigative staff.

His comments cover two of the three key recommendations of the report. I sense that we are once again going to have considerable difficulty in achieving the possible savings indicated by the Rayner Study, because the collective interests of Ministers rapidly turn a small team's thoroughbred stallion into an extremely lumpy camel.

Then I shall have

MP

to have a meeting. Let me make it

quite clear at the outset

that I do not share

5 March 1981

the Chancellor's view on this matter. Whatever has happened to the Treasury - they have become shortsighted. not



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The Rt Hon James Prior, MP
Secretary of State for Employment
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Dear Secretary of State,

DE/DHSS RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

I am grateful to you for sending me a copy of your note to the Home Secretary together with the draft of your proposed response to the recommendations of the Johnston report.

I have now seen the Prime Minister's comments. I agree with her that the response is shaping up well. I have one or two suggestions for strengthening it and a more general worry about the document's treatment of prospective manpower savings. Subject to these points, I would be content for the document to be published as you propose.

Registration

Paragraph 11 says "the government sees a very strong case for abolishing the statutory requirement to register". It would be stronger to use the words, used in your note to the Home Secretary, "the Government believes it would be right to abolish the statutory requirement"

Statistics

As you say, something may be made of the effect of voluntary registration on the statistics of unemployment. It will be important to present this carefully to make sure that the savings from the introduction of JUVOS and the review of government statistical services are not prejudiced. Paragraph 17 in fact explains why voluntary registration will not have major implications for the statistics of total unemployment (i.e. because these changes would have occurred anyway). I suggest the first sentence be altered to make this clear. Paragraph 18 then explains why some of the detailed statistics will be affected however and the measures which will be taken to limit this.

Future Action

I think the words "noted as requiring more study" are unnecessary in the second sentence of the last paragraph (paragraph 34). Particularly in relation to the proposals on registration, we should

surely try to leave the impression that the Government is convinced by the report but is still prepared to hear the views of others. More generally, if the whole process of consultation is not to become bogged down, the Government does need to show that it will push ahead vigorously. I appreciate that there are constraints, but there are rather a lot of references in the document suggesting that changes will take a long time to make and to show results. I have some other suggestions bearing on this but one thing which would help would be to indicate a date, in paragraph 34 - I suggest shortly after April 1981 - when final decisions will be announced. This would help to keep up the momentum of consultations and further studies. I very much agree with the hope expressed by the Prime Minister for example that firm decisions will be taken on the one office question after the two month study referred to in paragraph 27.

Manpower Savings

I am very concerned at the prospective slowness of the build-up of the manpower savings. As it stands, the document is vague about when the Government will be able to realise the 5000 potential reductions identified in the report. On the other hand there are a number of reasons given why they will take time and the eventual outcome may be different.

I shall want to agree firmer figures and a timetable with you in the next two months. In particular I am still not clear why the savings from procedural changes to be made before April 1982 can only be 500. Other possibilities exist which are accepted in principle in the response and which if implemented in the next 13 months might raise this to over 1000.

I would also like my officials to be closely involved in, and to be consulted myself about, the question of staff savings in the MSC. I start from the presumption that savings should not be eroded in order to increase activities in the Jobcentres. I very much agree with the Prime Minister that it will be desirable to take a firm line; we should be clear ourselves about our requirements particularly with regard to meeting the Government's manpower target for 1984 before we open up these matters with the MSC.

... In the meantime, it is essential that the published document should not say anything which might unnecessarily prejudice the scope or timing of savings. I attach a note of the detailed amendments I would wish to see made to ensure this. I do not think any of these will weaken the force of the document.

I am sending this letter also to Patrick Jenkin, with copies to the Prime Minister, the Home Secretary, the Chancellor of the Exchequer, other members of H Committee, Sir Derek Rayner and Sir Robert Armstrong.

Yours sincerely,

Buckley

(Private Secretary)

*(Approved by the hon. President
and signed on 2. his behalf)*

NOTE OF DETAILED AMENDMENTS

Para 7 - The essential purpose of this paragraph could be served, without pre-empting a number of issues still to be discussed, if it read:

"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 at a time when they are having to cope with an exceptionally heavy claims load. There is also a need to contain additional expenditure within the totals of public expenditure already announced."

Para 15 - The last sentence should be deleted.

Para 19 - The second part of the second sentence after the semi-colon reads: "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". We have still to discuss the contribution which these savings can make to meeting our manpower targets. I would like the word "already" to be deleted therefore.

Para 20 - It would be more positive to say "as soon as possible in 1982" in describing the Government's intention to legislate, rather than "during 1982".

- I do not understand why it will take "one or two years thereafter" for the effects to show through. I hope we can look for a substantial proportion of the savings to be realised quickly, and set the MSC's staff ceiling accordingly. I would prefer therefore to see the last sentence of this paragraph deleted pending discussion of the staffing consequences of the change.

of voluntary
registration

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