

See Summary



MRP

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01- 233 8224

9 March 1981

The Rt Hon William Whitelaw CH MC MP

*As per letter,*

SCRUTINY OF THE PAYMENT OF BENEFITS TO THE UNEMPLOYED

1. This offers comments on aspects of Geoffrey Howe's letter to you of 3 March.
2. First, I am of course very glad that Geoffrey is also content for the report to be published, with the response by the Government as already indicated.
3. Secondly, while public expenditure is indeed difficult, I hope that the principle that there should be new investment to secure savings can be put into practice in this case, once it has been clearly established what benefits can be had for what outlay. I am sure that there are substantial improvements here for the client, the staff and the taxpayer, something I have never doubted since I visited the Stepney UBO and the Hoxton ILO.
4. Thirdly, I can appreciate Geoffrey's point about the potential increases in revenue which might follow staff increases in the Inland Revenue and Customs and Excise.
5. But the fact of the matter is that we are dealing with the results of a scrutiny of DE, DHSS and MSC operations and procedures; we do not have the benefit of comparable scrutiny results in the Revenue or Customs. I would find it contrary to good practice in my own firm and to the spirit of the scrutiny programme to set aside advantages in one area, which are generally validated by evidence and argument and part of a total package of efficiency improvements, because changes in another, not so validated, might have greater potential.
6. Finally, I would imagine, this type of fraud is relatively susceptible to detection. But if it appeared that it was relatively easy to get away with, it would be likely to catch on alarmingly.
7. I am copying this to the earlier copy addressee.

*see*  
*[Signature]*  
Derek Rayner



110 MAR 1981

