

*Press*



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GTN 213

*Prime Minister*  
*We go public on the*  
*UBS scrutiny of*  
*Friday: then 2*  
*months of / or*  
*consultation. If*  
*Ministers cannot agree*  
*the way ahead thereafter*  
*you may need to*  
*18 March 1981*  
*have a meeting*

Rt Hon William Whitelaw CH MC MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
LONDON SW1 H9AT

*no*

*De Willie*

*MAD*  
*18/3*

DE/DHSS RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

Patrick Jenkin and I wrote to you on ~~18~~ February telling you of our intention to publish this report and enclosing a draft of our proposed response. Subsequently a number of colleagues have commented and in some cases suggested amendments.

This letter is to let you know that the report and our response are now to be published this Friday (20 March). We have included in our response almost all the amendments suggested and we shall circulate copies of the published document when these are to hand.

On registration for employment, we shall be taking the Prime Minister's views on presentation very much into account in our Parliamentary and press briefing. Our response now brings out something more of the advantages of the proposal for unemployed people as Derek Rayner suggested and we have modified the reference to the legislative timetable in the light of Francis Pym's comment. We have also incorporated most of the Lord President's points although I thought it best not to lessen the chances of our obtaining MSC agreement to voluntary registration by suggesting in our response that our view on this subject was final. This, though, is only a matter of approach. I shall be taking a firm line in consulting the MSC.

Our further examination of the 'one office' proposal is now in train. Patrick Jenkin and I will have very much in mind in examining the recommendations that come forward to us the points made by Geoffrey Howe and Michael Heseltine about the need to keep additional expenditure to the minimum consistent with obtaining the longer-term efficiency and savings which the report suggests are to be had. Our approach to this examination is entirely in accord with Rayner principles on new investment to secure savings.

On fraud, we have indicated more clearly in our response the substantial scale of the redeployment of existing DHSS fraud staff on to the special fraud drives which the report recommends. The report, of course recommends a gradual build up of these special fraud teams. DHSS's very rough estimate is that their redeployment of fraud staff onto this work will bring in a

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net annual return of around a quarter of the £24m figure estimated by the report. How much further we go down this road, in the light of both Geoffrey Howe and Derek Rayner's arguments, is best left for decision until we have a firmer idea of the actual return which will accrue from these initial extra steps in DE and DHSS.

On the other points, we shall look carefully, as Geoffrey Howe suggests, at the handling of the recommendation on claimants' 'availability' whilst on holiday in the light of a review of these availability rules generally; and Patrick Jenkin will be replying direct to Derek Rayner on his points about the payment period and management formula. On Michael Heseltine's comment on improvements to the public areas of local offices, Patrick Jenkin and I are firmly of the view that we do not regard this expenditure as competing with other demands on the PSA budget. Rather we think that we must accept this report and our response to it as a package and be prepared to use a small part of the very substantial savings which will accrue to fund this recommendation for modest, but much needed, premises improvements.

I shall be writing separately to the Lord President on his more detailed manpower questions. But on timing generally, we are continuing to allow two months for consultation - ie until 22 May - and Patrick Jenkin and I intend to return to colleagues within 4 to 6 weeks thereafter with firm proposals for action on outstanding recommendations. We hope that we will all be able to reach agreement then but, if not, we may wish to take up the Prime Minister's offer to hold at that stage a meeting to resolve any differences.

I am copying this to Patrick Jenkin and to the recipients of our earlier minute to you.

*Y  
Jenkin*

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