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Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213.....6400.....

Switchboard 01-213 3000

GTN Code 213

John Halliday Esq
Private Secretary to the Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9A7

20 March 1981

Dear John.

DE/DHSS RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

Further to my Secretary of State's letter to the Home Secretary of 18 March, I now attach a copy of the published report and Government response.

I am sending copies of this letter and the report to Mike Pattison (10 Downing Street), Richard Tolkein (Treasury), David Wright (Cabinet Office), Clive Priestly (Sir Derek Rayner's office) and to the Private Secretaries of other members of H Committee.

Yours ever

Richard Dykes

R T B DYKES
Principal Private
Secretary

Caxton House Tothill Street London SW1H 9NA
Telephone : Direct Line 01-213 7439 (24 hour answering service)
Exchange 01-213 3000 Telex 915564 DEPEMP

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March 20, 1981

RAYNER REPORT ON BENEFIT PAYMENTS

The following statement was made today by Mr James Prior, Secretary of State for Employment:

"This is a clear-sighted report which gets to the heart of the matter - how to run a system of benefit payments that balances the interests of unemployed people, staff and taxpayers.

"The fact that the Government is immediately able to accept so many of its proposals for change is evidence that the right balance has been struck.

"Once implemented they will keep red tape to a minimum, which is important for people suffering the difficulties and distress of unemployment.

"The report also deals with the minority who try to cheat the system and the taxpayer: it contains realistic proposals to deal with fraud and abuse wherever it occurs. But it is very important to keep this in perspective. Most people claiming benefits are honest: they want a job and while they are looking they need some support from the rest of the community. So our job is to ensure that those in need of benefits get that benefit with the least fuss and delay to avoid any possibility of hardship.

"The Government intends to bring in the agreed changes as rapidly as possible. This is no reflection on the service at present provided by staff who have coped admirably with the pressures of sharply rising unemployment without lowering the quality of the work they are doing. Indeed I hope the changes we are proposing will ease the burden on them."

Issued jointly by the Department of Employment (01-213 7439) and the Department of Health and Social Security (01-407 5522).

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March 20, 1981

LESS BUREAUCRACY AND A BETTER SERVICE FOR UNEMPLOYED PEOPLE

Proposals to streamline the arrangements for paying benefits to unemployed people are put forward in a report* published today. Most of the proposals are accepted in principle by the Government which believes that, overall, they will improve the service to the public as well as saving money and staff.

Among 81 recommendations the report proposes:

- That people claiming unemployment benefit and supplementary allowance should have to deal with only one office instead of two or three as at present. The report says such a move could take 5 to 10 years to complete. The Government accepts that this would be a significant improvement for unemployed people and is studying the best way of achieving it.
- To remove the legal requirement on unemployed adults claiming benefit to register at a Jobcentre and make it voluntary instead. The report says this change would eliminate wasted effort and save staff. The Government sees a strong case for this change and is consulting the Manpower Services Commission about it.
- That steps should be taken to obtain more accurate estimates of the amount of fraud and that more effort should be put into anti-fraud drives. The Government accepts these recommendations.

The report was prepared by a team of officials from the Department of Employment and the Department of Health and Social Security in consultation with Sir Derek Rayner - the Prime Minister's adviser on Civil Service efficiency. It was commissioned jointly by the Secretary of State for

* "The Payment of Benefits to Unemployed People"; Department of Employment and Department of Health and Social Security (HMSO - £2.35).

Employment, Mr James Prior, and the Secretary of State for Social Services, Mr Patrick Jenkin.

The Government will now be consulting the civil service trade unions on the report's recommendations and also the Manpower Services Commission and the Social Security Advisory Committee as appropriate. Organisations and individuals are also being invited to comment on what is initially proposed. Two months have been set aside for public consultation and the Government wishes to reach decisions quickly thereafter.

The bulk of the report's recommendations relate to existing procedures in social security and unemployment benefit offices for paying benefits to unemployed people. The Government intends to phase-in the agreed procedural changes as rapidly as possible giving priority to those which will improve the service and ease the burden on staff at a time when they are under considerable pressure.

The report also examines three major areas affecting benefits to unemployed people:-

Registration for Employment

At present unemployed people, as well as having to sign on at unemployment benefit offices, must register for employment at a Jobcentre or Employment Office run by the Manpower Services Commission. The report finds that that is neither an effective check on whether they are available and looking for work, nor of help to Jobcentres in placing people in employment. The report therefore recommends that registration for employment at a Jobcentre should in future be voluntary, except in the case of young people. Unemployed people would still have to sign on at benefit offices and the report also recommends other checks in unemployment benefit and social security offices on whether claimants are in fact available and looking for work. The report points to substantial staff savings which would result from these recommendations.

The Government accepts the report's analysis that compulsory registration is not a cost-effective method of benefit control and that there are other, more cost-effective means. The Government also sees advantage for both the Employment Service and for unemployed people themselves in a voluntary system of registration. Overall it sees a very strong case for

abolishing the legal requirement on unemployed adults to register at Jobcentres for work.

Fraud

The report suggests that 8% or more of unemployed people are unlawfully working and claiming benefits. It says that attempts should be made to establish the actual level of this type of fraud. It also recommends employing more staff on anti-fraud drives and points to considerable financial savings which it believes would result.

In the Government's view there is considerable doubt about the statistical accuracy of the report's 8% estimate, which is based on data from only two out of the twelve DHSS regions and relates only to claimants receiving supplementary allowance. But the Government accepts the need for better estimates of the level of this type of fraud and will be taking urgent steps to this end. The Government also intends to commit more staff to anti-fraud drives as the report recommends.

One office to deal with all claims to benefit from unemployed people

Most unemployed people at present have to go to both an unemployment benefit office, in order to claim unemployment benefit, and a social security office in order to claim supplementary allowance. The report finds this an unsatisfactory arrangement both for the unemployed person and for efficient administration. It therefore recommends that both unemployment benefit and supplementary allowance for unemployed people should in future be administered from a single office - the unemployment benefit office. It estimates that substantial long-term savings would result, although there would be a significant transitional cost through making the change, which the report estimates would take 5 to 10 years to complete.

The Government accepts the recommendation that unemployed people claiming unemployment benefit and supplementary allowance should have to deal with only one office. This is in line with its overall social security strategy of dealing with people at a single point of contact for all their benefits. It is now examining urgently whether to give effect to the proposal by combining all the work in the unemployment benefit office or by means of an alternative approach which would use the network of unemployment benefit offices to provide the contact point for the unemployed person with some or all of the backroom work being done in social security offices.