



CABINET OFFICE

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

8 April 1981

The Rt Hon Michael Heseltine MP

Mike Heseltine

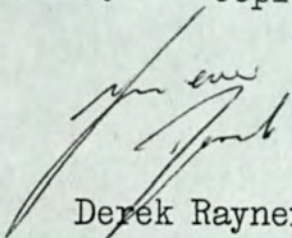
SCRUTINY OF PAYMENTS OF BENEFITS TO UNEMPLOYED PEOPLE

1. Thank you for your letter of 30th March. I am as ever heartened by the importance you attach to economical administration.
2. Your suggestion that the staff savings estimated by the joint DE/DHSS scrutiny team should be re-assessed by "outside experts" is an interesting one. In the nature of the scrutiny programme, it would be for Jim Prior and Patrick Jenkin as the responsible Ministers to decide whether they wanted an external appraisal of the possible manpower savings in addition to the internal analysis now in train. But it is not something that I myself would regard as necessary for several reasons, the most important of which are these.
3. First, I expect that against the background of the Government's manpower policy the two Secretaries of State have every interest in getting the most out of the team's recommendation, and as quickly as possible. (I should add that I myself would not strain to achieve every last "potential saving"; the important thing is to take the big steps forward to administrative simplification that the report offers.)
4. Secondly, the team itself was of very high quality. The standard of its work, to my mind, justified one of the basic principles underlying the scrutiny programme, namely that the Civil Service has the knowledge, competence and integrity to be radical on behalf of Ministers who make plain their determination to reform and improve their administration. I would not expect management consultants to make a better fist at the job than the team or to come up with proposals which differed greatly from those now before Ministers.
5. Thirdly, there is a question of time. Big scrutinies often cross the borderline between decisions which Ministers can take in-house because they affect only themselves and those on which they are bound to consult interests affected by the proposals. The DE/DHSS scrutiny began in February 1980; reported in November 1980; was published last month; and is open for public comment until 22 May. Thereafter, as the

Government's response says, Ministers wish "to reach decisions quickly in the light of the consultations and comments received". Bringing in consultants to work over the team's recommendations would be bound to slow decisions down and put off the time when Ministers and the taxpayer could get a return on the effort so far invested.

6. Your reference to accommodation is important and fair. Happily, I do not think that any of those concerned wants gratuitous changes. My own view is that it is impossible to achieve good quality administration without having regard to the cost of making do with arrangements for accommodation which divide the staff concerned with a particular operation between different offices and which put up with a poor standard in many of those. Dividing staff who deliver a service between three different outlets is something that no thrusting private sector organisation could afford to live with. In this particular case, I think that it would be a mistake to exchange substantial long-term improvements - in which I include the good morale which should flow from a good working environment - for short-term advantages.

7. Copies go to your copy addressees.



Derek Rayner

-8 APR 1981

