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The Rt Hon Lord Soames GCMG GCVO CBE  
Lord President of the Council  
Civil Service Department  
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LONDON SW1

31 July 1981

*Handwritten signature:*  
Michael Christopher

RAYNER SCRUTINY OF BENEFITS TO UNEMPLOYED PEOPLE

You wrote to Willie Whitelaw on 23 July in response to the letter which Patrick Jenkin and I sent him on 17 July.

As you know, we made our announcement on 30 July and I attach a copy. You will see that we were able to say something about savings from the procedural changes in the report and both Patrick Jenkin and I will continue to press ahead urgently with those procedural changes that are acceptable. We have in fact already approved the implementation of a first batch of recommendations - mostly minor but including recommendation 23 which extends quarterly attendance and makes substantial savings. As we have stressed before, however, a number of the procedural recommendations do raise difficulties, both of policy and practice, and we must be clear that the eventual savings from the procedural recommendations as a whole, while likely to be substantial, are also likely to be less than the figures you quote. In particular, as we said in our letter of 17 July, the 800 'one office' related staff savings, which we hope to make independently of the move to one office, are particularly uncertain at present.

As far as one office itself is concerned, I accept of course that we need to take decisions soon and we shall hope to come back to colleagues by early October as the Prime Minister has asked.

Your letter also raised wider questions about the role of the MSC's employment service. Naturally I am anxious to ensure the MSC maximise the efficiency of this and the other services it provides. We have already cut the staff and other resources available for the Commission's employment and training services pretty sharply, thus forcing them to review priorities and improve performance. The savings resulting from voluntary registration will bring the level of staff cuts in the general placing service to well over 20%. I will nonetheless be continuing to keep a close eye on its activities, and I am certainly not ruling out the possibility of a further scrutiny before too long. However, I think we must be a little cautious in drawing conclusions about the needs of the MSC's employment service for the future from the present exceptionally depressed state of the labour market. Once there is some revival of economic activity,



the labour market in turn is likely to become more active and we are likely to see increasing calls by employers on the services provided by the public employment service.

I am sending copies of this letter to the recipients of yours.

*Yours  
Truly  
J. M.*

DEPARTMENT OF EMPLOYMENT

WRITTEN REPLY

THURSDAY 30 JULY 1981

- 143 MR PETER BOTTOMLEY (GREENWICH WOOLWICH WEST): To ask the Secretary of State for Employment, if he will summarise reactions during the consultation period to the report "Payment of Benefits to Unemployed People" and if he will announce the Government's decisions on the report's recommendations.

MR JIM PRIOR REPLIED:

The three major proposals in the report were that registration for employment at a Jobcentre should no longer be a pre-condition of entitlement to benefit; that administration of unemployment benefit and supplementary benefit for unemployed people should be centred on one office; and that abuse of the benefit system should be measured and more resources devoted to combating it. The report was published on 20 March and comments invited. Some 70 organisations and individuals responded, most of them concentrating on the three main proposals.

As far as making registration for employment voluntary is concerned, comments have varied widely between those who oppose it, generally on the ground that it may reduce the help given to unemployed people including those who are disabled. Concern has been expressed that the need in present circumstances for controls against possible abuse of benefits should not be exaggerated and the positive role of the public employment service be given insufficient emphasis.

In the light of these varied comments, the Government has decided to accept the recommendation that for those aged 18 and over registration for employment should no longer be a condition for receipt of unemployment and supplementary benefits. Legislation will be introduced with the aim of implementing the recommendations in October 1982. The Government considers that this change will bring advantages both for the employment service and for unemployed people, while at the same time making useful economies through the elimination of unnecessary procedures.

The Government has also decided to accept the recommendation that, as part of the move to voluntary registration, there should be a test of availability in benefit offices when a claim is first made and amendment of the rules on restricted availability. The precise changes to these latter rules have still to be decided and proposals will be put to the Social Security Advisory Committee in due course.

On further consideration, the Government has decided to increase the number of Unemployment Review Officers in the Department of Health and Social Security by 50, instead of the 300 recommended in the Report, and to allocate 250 staff to the public employment service to provide additional help to longer-term unemployed people in finding jobs, working in cooperation with the UROs.

As regards unemployed disabled people, the Government intends, under voluntary registration, to give them particular encouragement to use the services available to them in Jobcentre

publicising these services fully at both unemployment benefit and social security offices.

The consultations have reflected widespread agreement with the principle that unemployed people should have to deal with only one office for their benefits but some concern that, while unemployment benefit offices are the appropriate contact point for unemployed people, assessment of supplementary benefit for unemployed people should remain in DHSS offices linked to the main social security system. In its initial response to the report, the Government accepted the principle of the recommendation, but set in hand further work to see how this principle might best be achieved. The results of this further work are now being considered and the Government's decision will be made known as soon as possible. Meanwhile, the Government will be going ahead with a number of procedural changes which, while they would be achieved as part of the "one office" proposal, could also be made independently.

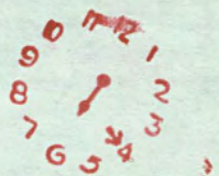
The comments have tended to reflect the Government's own doubts about the statistical accuracy of the report's estimate of the level of benefit fraud and to agree on the need for more soundly based estimates. At the same time there is concern that genuine claimants - the vast majority - should not suffer. The Government has carefully considered, in the light of the comments made, how best to obtain more soundly based estimates of the level of benefit fraud and has concluded that it would be wrong to investigate for this purpose unemployed people

where there is no cause for suspicion. Investigations under the exercise will therefore concentrate on cases where the papers held by the Department of Employment or Department of Health and Social Security give some grounds for thinking that the claim could be fraudulent. Full details of the exercise have still to be worked out.

As regards the report's recommendation that more staff should be engaged in special reviews of cases in areas of high fraud risk, 30 additional staff will be employed on this work in the Department of Employment as a first step. In the Department of Health and Social Security some 150 existing fraud specialists will be redeployed to this work.

Some recommendations in the report require further study, taking account of the comments. There are, however, many procedural changes with which progress can be made, and the Government intends to move on these as quickly as possible. Overall, the change to voluntary registration and the procedural recommendations in the report which the Government has already decided to implement will lead to staff savings of around 1,650, representing an annual saving of some £13 million. In addition, the procedural changes which the Government is pursuing independently of the one office proposal could, depending on the outcome of further work, save about an additional 2,000 staff, representing an annual saving of £15 million.

- 4 AUG 1981



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