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18/3

Rt Hon Norman Fowler MP
Secretary of State
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
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D. Norman

THE RAYNER SCRUTINY OF PAYMENT OF UNEMPLOYMENT BENEFIT

Thank you for your letter of 27 February. You will meanwhile have received my letter of 2 March and the Chief Secretary's letter of 26 February about unemployed people who fall sick, and no doubt you will be replying to both.

I thought, however, that I should let you know of my continued concern over the location of the management of the NUBS computers at Reading and Livingston. As you say, the current arrangements have coped with over 3 million unemployed and the introduction of taxation of benefit is going smoothly. I am naturally glad of this, but it seems to me to be a triumph of staff endeavour over faulty organisation. I do not find the fact that we have managed so far is a persuasive argument against streamlining the management structure, particularly if we can achieve some saving in staff.

I do not myself think that this particular change should be regarded as dependent on decisions on the operational strategy. You may recall what the Rayner Team had to say on that score in their report. I was pleased to see the note about the development of this strategy, its aims and this Department's future engagement in it. But it is clearly going to be at least approaching a decade - and probably more when one looks at the scale of the investment in mind - before we could start introducing an integrated system.

I cannot think that it is right to forego meanwhile the advantages of allowing the UBS to manage its own computers. This is a natural extension of the agency agreement, not a change of policy control which I have already agreed should remain with your Department. And provided my Department participates in the management structure of the operational strategy and in the central planning team, I can



see no reason why this particular change of managerial responsibility should be inconsistent with the development of the operational strategy when finally approved.

I would hope very much that we can settle this issue without going to colleagues, but if you find yourself unable to agree to this transfer of responsibility I must reserve the right to insist that it be included in the report to H which the Prime Minister has now asked for by the end of the month.

As regards the one office recommendation, we must inform colleagues of the position we have reached. I agree that the postal claim form is the route that we have to try immediately and the pilot run is now going ahead. But in my view we must be ready to look again at the possibility of a short term scheme when the conditions in UBOs permit.

Finally, I think we must take the mind of colleagues on milk tokens. There is a clear clash here between the possible political repercussions and more efficient administration and I am not convinced that the latter should give way to the former in this instance.

I am copying this letter to Derek Rayner.

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