



DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

The Rt Hon William Whitelaw CH MC MP
 Secretary of State for the Home Department
 Home Office
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26 September 1980

Dear Willie,

SOCIAL SECURITY OPERATIONAL STRATEGY

I enclose a copy of a paper about a long-term strategy for social security operations, with a brief synopsis. The work on which this paper is based was started under our predecessors. I welcomed it when we took over and have aimed to keep the momentum going despite staff cuts at Headquarters.

The paper reflects the general concern about the growing cost and complexity of social security operations in recent years. It identifies some of the main requirements for an improved operational system, reviews the opportunities offered by the rapid development of computer and communications technology, and proposes a work programme for improving and updating our systems. The next step, to be completed by the end of 1981, is the design of an overall strategy; it would be followed by a phased and gradual implementation programme, probably extending over the rest of the decade and beyond.

I am convinced over the next few years we must improve the efficiency and the quality of the social security service. I have accordingly given the go-ahead for the next phase of the work programme.

So far, however, work on the strategy has been confined almost entirely to the DHSS. I think we have now reached a stage where something should be said in Parliament so that MPs (and others) can offer their views. There is nothing intrinsically sensitive or secret about it and, in the end, success will be prejudiced if plans are kept too long under wraps. I would wish, therefore, to refer to the subject during the debate on the Queen's Speech (if I am one of the speakers), and to make the document publicly available a week or two later, probably by means of a written Parliamentary Answer and press conference. The purpose of this letter is to seek your agreement, and that of the other members of H Committee, to the publication of the paper in this way.

There are one or two matters to which I should draw your attention. One objective of the strategy is to ensure that the future system enables the Department to treat people, as far as possible "in the round", so that all their social security business can be handled together instead of, as at present, benefit by benefit. This implies both an improved and modernised communications system and a re-organisation of our records systems, so that up-to-date information can be made available at the point where it is needed. The key to this is the use of a reference number for each person throughout the social security system. As I mentioned to you in my letter of 28 July, in the context of the Lindop Report, we intend to use the familiar national insurance numbers for this purpose. Although this is nothing but common-sense and does not involve our holding any additional information, or making the information we hold more readily available to outsiders, it may be criticised as giving the Government new opportunities to bring together and manipulate personal information. Critics may refer to the apparently approving way in which the Lindop Committee noted the DHSS's inability to link different benefit records (paragraph 29.16 of the report) even though the Committee made no specific recommendation on that score.

Subject to your own views, I would propose to respond to any such criticism by stressing the considerable advantages a more coherent system should afford the public; the modest nature of the step itself (merely a more rational approach to information already held); the absence of any specific recommendation by Lindop on the use of the NI number for internal DHSS purposes; and the importance which we attach to incorporating adequate checks and safeguards against unauthorised disclosure of information - including safeguards on who within DHSS itself will have access to records. If by then you have announced the Government's intentions with regard to the general issues raised by Lindop, I would also refer to that.

Although I would not propose to make much of this in public, I see it as one of the prime requirements of an improved system to minimise the vulnerability of our operations to deliberate or accidental disruption. It is too early to specify what this will mean in detailed system design terms, but I am anxious to ensure, if possible, that local offices are able to continue to provide a service even if other parts of the network cease to function. I have asked officials to give this high priority at the next stage.

The attitude of our own staff in the field could well be critically important in determining the success or failure of the strategy. Senior managers from our central offices and regions have played an important part in producing the present proposals. I am told that some interest is already being shown among the staff generally and we shall make sure that they get an early sight of the planning document and an opportunity to make their contribution. We are about to open up a dialogue with our Trade Union side; their initial reaction has been less unfavourable than one might have expected. One of our objectives, obviously, will be increased productivity. But the time-scale is long enough to make it possible for unions and management to see a common interest in improving the reputation of the Department and the quality of the jobs it provides.

Publishing the planning paper will give interested people outside the Department an opportunity to contribute their views on the exercise. I propose to arrange a seminar early in the New Year for people who have some special interest or contribution to make, such as other large scale computer users, academics and scientists, management experts and so on. Informal bilateral discussions will be held with



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computer companies, particularly ICL and other British companies, and later on we may want to involve outside consultants.

I should welcome any comments which you or others may have on these proposals. It would be helpful if I could receive them by 15 October so that we can get the paper to the printer in time for publication in late November. I am copying this letter and the enclosures to the Prime Minister, Geoffrey Howe, Keith Joseph, the members of H Committee, Sir Derek Rayner, Sir Robert Armstrong and Mr Ibbs.

Your love
R
Keith

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RESUME OF PLANNING DOCUMENT

Sections I & II - objectives and need for a strategy

Set out the aims and objectives of the strategy - a coherent, flexible, efficient system satisfying policy makers, the public and the staff, with a target period 1980-1990 (requirements of the system are developed further in Appendix 1); point out the weaknesses of current system-complexity, staff pressures, technical backwardness, compartmentalisation etc; suggest costs of new system may be no more than that of preserving the old system (para.11). Important constraints to be taken account of in planning: the need for the capacity to exchange data with Inland Revenue; the preservation of confidentiality and security; financial and manpower constraints (para.12).

Section III - operational tasks

Suggests need for improved service in the area of advice and information (para 16); in respect of location of functions points out that very few need be carried out in one particular place but there is a need for a personal service at local level (paras 22-23). Outlines options for providing a computer communications capability involving degrees of centralisation/decentralisation (paras 25-26). Stresses the importance of dealing with claimants as far as possible "in the round" so that all their business with the Department can be handled together instead of in a number of separate benefit by benefit transactions (paras 27-29).

Section IV - people and machines

Stresses importance of involving staff with the strategy. Crucial issues include relationship between man and machine, implications for job satisfaction, training requirements and phasing of change to minimise disturbance in the service and allow staff time to assimilate new work (para 36).

Section V - what technology has to offer

Outlines recent and prospective technological advances which could produce an improved system. Potential benefits include more accurate and comprehensive advice on entitlement, less duplication of work and records, speedier settlement of claims, reduction in overpayments where these arise from failure to match information in different parts of the system (paras 43-44).

Section VI - proposals

Outlines future work programme. Key element is design of modern communications system which will with proper safeguards against improper use allow ready access to data at present held in central and local offices from any location (para 47a). The next stage of the strategy will be preparation of proposals for an integrated operational system including broad costs and savings and organisational and human implications, to reach Ministers by around the end of 1981 (para 50). The importance of wider consultation with all the agencies who will be affected by changes in social security operations is stressed (paras 51-52).

DRAFT FOREWORD

This document is concerned with social security operations: the system by which contributions are recorded, advice provided, claims to benefits taken, the amount to be paid calculated and the payments made; and the essential back-up operations involving record-keeping, controls, management and technical support. It is not concerned with social security benefits themselves and their possible future developments.

Such a focus is unusual, since most public debate on social security is concerned primarily with the adequacy or inadequacy of the benefits, not with the system through which they are paid. However, it is justified since the operations themselves have been coming under increasing strain. At the same time, new technical possibilities are opening up. If used sensibly and imaginatively, they should enable us to develop an improved system and to provide better service for the public, more interesting work for the staff, and greater efficiency for the tax-payer.

The work of analysing the present system to see what improvements might be made is still at an early stage. This document outlines why a strategic approach to the administration of social security benefits is necessary and explains how we propose to develop detailed proposals. We see wide consultation as an essential part of the exercise, and as a first step I invite comments on the issues raised in this document from anyone, whether expert or layman, who has views to offer or a contribution to make.

PATRICK JENKIN

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

SOCIAL SECURITY OPERATIONAL STRATEGY

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GLOSSARY OF TERMS

AA	Attendance Allowance
CAMELOT	Computerisation and mechanisation of local office tasks
CB	Child Benefit
CBI	Child Benefit Increase
CSA	Child's Special Allowance
Ceefax	Information held on computer database, transmitted by BBC television signal, for TV display (ITV equivalent is ORACLE)
CO	Clerical Officer
Dis. Ben	Disablement Benefit
FIS	Family Income Supplement
GA	Guardians Allowance
HNCIP	Housewives Non-Contributory Invalidity Pension
ICA	Invalid Care Allowance
ICL	International Computers Ltd
IIB	Industrial Injury Benefit
ILO	Integrated Local Office
IVB	Invalidity Benefit
LO	Local Office
LO II	Local office equivalent of Clerical Officer grade.
MA	Maternity Allowance
MG	Maternity Grant
Mob A	Mobility Allowance
MSC Division	Management Support and Computers Division
NCIP	Non-contributory Invalidity Pension
NI	National Insurance
PAC	Public Accounts Committee

PCA	Parliamentary Commissioner for Administration
Prestel	Information held on computer database, accessed through public telephone network, for TV display
RNI	Reconstructed National Insurance
RP	Retirement Pension
SA	Supplementary Allowance
SB	Sickness Benefit
Supp Ben	Supplementary Benefit
SHA	Special Hardship Allowance
SP	Supplementary Pension
VDU	Visual Display Unit (television screen display of computer information)
Viewdata	General term covering information retrieval systems like Prestel
WA	Widow's Allowance
WMA/WMA(P)	Widowed Mother's Allowance/Widowed Mothers Allowance (Personal Rate)
WP	Widow's Pension

I OBJECTIVES AND BACKGROUND

1. The Social Security Strategy Study began in 1977. It represents an attempt to look at social security operations as a whole and to plan the medium to longer-term future in a unified way. Such an exercise represents an essential management task if the Department's operational efficiency is to be sustained and improved. This paper reports on progress, outlines the main issues as they appear at present and makes proposals for the next stage of the study.

2. The overall aim and particular objectives were defined in 1977 as follows:

"(1) OVERALL AIM:

To review and, if appropriate, to table a plan to improve the operational methods in use for the administration of Social Security benefits taking all relevant factors into account.

(2) PARTICULAR OBJECTIVES:

- (i) To develop operations into a coherent comprehensive system satisfying policy-makers, management, staff and the public we serve. In particular, the service to the public should be improved;
- (ii) To ensure the operational machine as developed is flexibly responsive to changing Ministerial policy, public requirements and initiatives and to changes in attitudes of staff and Staff Sides;
- (iii) To improve efficiency, and in particular to reduce relative manpower costs, by the most effective use of all resources;
- (iv) To ensure in particular, in relation to (iii) that best use is made of available equipment for our operational needs."

3. We have reviewed the aim and objectives and have concluded that in the main they should stand. In certain respects, however, our study has led to some reconsideration: we consider that additional emphasis should be given to the co-ordination of human and technical resources, and the implications for staff (see section IV); and to cost considerations (see paragraphs 9 - 11); the timescale should be broadly the decade 1980 to 1990; finally, we do not envisage a single detailed plan covering all aspects of our operations: rather, we envisage the development within the next 18 months of an overall strategy, into which individual planning operations can be fitted. The result should be a comprehensive operational system which can be implemented in substance during the 1980s. Although the aims are ambitious and far-reaching, they represent a necessary approach to the Department's task.

4. The main activities so far have been:

- 4.1 the development of a check-list of desiderata for the future operational system - listed in Appendix 1. (It will be clear from this report that certain of the desiderata have been, or may need to be, reconsidered as work advances);
- 4.2 a series of special studies into particular aspects of the operational system. The most significant ones (on issues discussed further below) relate to the future location of the Department's work, the achievement of the "whole person" concept (treating people in a comprehensive manner rather than on a fragmented benefit-by-benefit basis), and the management of change;
- 4.3 Visits have been made to the United States and other countries to examine the technology which is or may become available and to consider what may be learned from foreign experience in social security operational planning;
- 4.4 a special study is in progress on the scope for more efficient contributions arrangements;
- 4.5 two important operational areas have been or are being studied under the auspices of Sir Derek Rayner: methods and frequency of social security payments and the administration of benefits for the unemployed;

4.6 a rolling programme of studies of the operational aspects of individual benefits is under way, with two studies completed and two more launched;

4.7 a new Branch, MSC6, has been established to carry forward detailed work on the study.

5. This document marks the end of one phase of activity and the start of the next - the beginning of detailed work by the new branch designed to prepare specific proposals for the future strategy, with as much detail as possible, including estimates of cost and timescales. Implementation of proposals must inevitably proceed in stages, with review and consultation at each one. It is intended that at each stage of the project detailed proposals for the next, within the overall strategy, will be submitted for approval. Implementation must likewise be gradual and phased - the drawbacks of "big bang" changes are well known.

II THE NEED FOR A STRATEGY

6. During the 1970s the Department faced many changes and additional pressures. In general, it has adapted reasonably successfully to meet these challenges and coped efficiently with the huge and complex task of making 22 million payments week in and week out. Nevertheless, strains on the Department's operations became increasingly apparent. Amongst the particular factors which convinced the Department and Ministers of the need for an operational strategy for the future were:-

- (a) concern at the increasing complexity of social security operations. 10 new benefits were introduced during the 1970s, bringing the total to 34. Each has its own special rules and each multiplies the complexity of the total structure. The 1970s also saw the introduction of New Pensions, the complete re-casting of the earnings-related contributory system under RNI, and increased reliance on means-tested benefits - particularly the highly staff-intensive supplementary benefit scheme. Some further changes are listed in Appendix 2.

- (b) concern at growing volumes of work; changes in the numbers of claims, benefit recipients and benefit payments are illustrated in Appendix 2.
- (c) concern at the apparently growing pressures placed on the Department's staff. This problem was aggravated by high staff turnover, particularly amongst the crucial junior grades and especially in the London regions, where annual CO/LO II wastage rates have been running at 24%, compared with 14% in the other 9 regions.
- (d) growing concern, expressed by knowledgeable outsiders such as the PAC and PCA as well as within the Department, about standards of efficiency, accuracy and service to the public.
- (e) concern that the Department's existing computer systems, despite their increasingly important role within social security operations, were not making full use of the newly available technology. The equipment will need to be replaced in the 1980s, but simply to replace and upgrade it in isolation from the rest of the Department's operations was seen as unlikely to make the optimum use of such technology. (The computer systems are described in Appendix 2).
- (f) awareness that a major cause of the weaknesses of the Department's operations lay in their heterogeneous and relatively unco-ordinated nature. While improvements were possible in particular areas - and are being actively pursued, eg simplification of the supplementary benefit scheme, the introduction of the project on computerisation and mechanisation of local office tasks (CAMELOT), and the computerisation of the Newcastle Central Index - the full potential for improvements was unlikely to be achieved unless an overall strategy was devised into which the various operational components could be fitted.
- (g) finally, an awareness that pressures for change were likely to continue in the future, and that in the longer term a more flexible operational system was needed to cope with changing demands.

It was concerns such as these which led to the establishment of the operational strategy study and the formulation of the aim and objectives identified on the first page of this document.

7. In the absence of a well-based operational strategy, the Department has in the past had little option when faced with the need to implement change (often at short notice) but to rely on the provision of more staff - this is illustrated in the graphs included in Appendix 2 which show marked increases in staff numbers and administrative costs in the mid 1970s. Clearly, in the current economic climate and with the present Administration's aim of reducing civil service manpower to the lowest post war level, it is essential, when there is a cost benefit, to take advantage of up-to-date technology to reduce, or at least hold down, the costs of DHSS social security administration; to create an improved environment in which the staff will work, in order to improve working conditions in offices and to attract and retain staff (because they can see that the Department is keeping pace with modern technology); to restore for the public, despite increased complexity, the accurate and speedy service which was given in the late 1940s and 1950s; and to improve information and advice services. These objectives can only be achieved, and future complexities and demands coped with, if a new operational strategy is developed, which, while utilising modern techniques, has clearly in view all the human factors involved in operating such a system.

Simplification

8. Effective simplification could assist significantly in the creation of a more efficient and comprehensible system. Policy simplification lies outside our terms of reference. However, simplification remains a general objective and we would welcome any that may become possible; for example the study of contributions arrangements (paragraph 4.4) may suggest ways in which the NI contributions system could be simplified. However, simplification should not override other main objectives of the strategy, and we recognise that it is frequently necessary to strike a balance between this and other aims. In the past complexity has often arisen as a result of a desire to achieve a specific aim for a particular group, while minimising the total financial cost: the result has been a need for complex and tightly drawn benefit rules. The pressures for additional complexity are likely to continue in future - a recent example would be the decision to tax further benefits. Simplification alone, therefore, is unlikely in practice to resolve the operational problems. One advantage of a more advanced future system, making greater use of computer power, would be that the administrative cost of complexity should be reduced.

Costs, Savings and Constraints

9. Whatever happens, the Department will be obliged to invest significant sums during the 1980s and 1990s, if only to maintain the existing computer capacity. Over the next 4 years some £17.3m is due to be spent on computer replacement at major sites. The main Newcastle computers will reach the end of their working lives in the second half of the 1980s: firm decisions on replacement will be needed by 1985. It is estimated that from 1985 to 1995 around £86m (at current prices) would be needed to replace and enhance the Department's computer equipment, plus a further £65m for systems and programming. This expenditure would maintain the Departments present systems and capacities, but would not represent a significant improvement or development.

10. We think that the initial cost of a new and more comprehensive system should not be any greater, and might even be less, than that of keeping the present system afloat. Indeed, savings may be possible in a number of areas:

10.1 The present compartmentalised ways of holding data involve considerable duplication. By reducing this, not only would work on amending records be saved but also accuracy would be improved.

10.2 A fast modern communications system would save over-payments and reduce opportunities for fraud.

10.3 It should be possible to simplify, automate or eliminate many existing manual procedures, reduce the need for forms and paper, eliminate certain clerical drudgery and give staff more satisfying work.

10.4 Staff wastage might be reduced if technology were used in ways which increase job satisfaction.

10.5 Considerable improvements in efficiency could result from changes in paying benefits, and further improvements could be made by increased use of automated methods.

- 10.6 By increasing the scope for policy and administrative changes at a lower staff cost, the growth in manpower due to new policy initiatives should be limited.

How far these, and other potential areas of saving, were actually achieved would largely depend on how far-reaching were the changes to the present system.

11. It is not possible at this stage to estimate the precise cost and benefits of a new system, since this will depend largely on its nature. Estimates will be produced before firm decisions on whether to proceed are sought. However, if the initial cost is similar to the alternative of simply replacing existing machinery with more of the same when its life expires, and if a modern system merely manages to reduce the rate of increase in the total cost of administration - a cost which rose from £523m to £805m during the past decade (1978 prices) - it will represent extremely good value for money.

12. Planning must take into account a number of important constraints:

12.1 The future DHSS operational system should be able to exchange data with the Inland Revenue's new computer system. Already the DHSS and IR systems are linked together for the collection of contributions; any future move towards a tax-credits type of regime would require increasing collaboration between the two systems.

12.2 The future system should include adequate safeguards - consistent with cost-effective expenditure of public money - to prevent fraud; to preserve confidentiality and prevent unauthorised access to information; and to preserve security and limit vulnerability.

12.3 Planning must take account of current financial and manpower constraints - but should recognise that in some circumstances short-term investment would secure longer-term savings through improvements in efficiency and effectiveness.

12.4 During the period of transition there should be no deterioration in reliability or standards of service; changes should be phased in gradually; and there should be full consultation with staff and other interests about the transitional arrangements.

13. Social Security operations are under strain today, and without substantial change things are likely to get worse in future. Piecemeal improvement is unlikely to suffice: for example, while the efficiency of the computer installations could be improved through the introduction of more advanced machines and better communications within and between them, the cost could be significant, while operations as a whole would remain cumbersome if large blocks of work were to remain clerical. It is because of the limitations of such partial approaches that the need to tackle the problems more broadly and develop "a coherent comprehensive system" (para 2 above) was identified. The aim should be a more efficient system, able to respond to changing demands in a changing environment, making the best use of technology to handle those parts of the work appropriate to it and releasing staff resources for those essential functions which only people can perform.

III THE OPERATIONAL TASK

14. The ultimate purpose of social security operations is to deliver a service to the public, and the need to improve this service was identified (Section I above) as a particular objective. It would be prudent to assume the public will increasingly expect a more efficient, more comprehensive and more helpful service than they receive at present, but that no additional resources will be available. With this in mind, we have analysed our operations from three angles:

- (i) Operational stages
- (ii) Location of work
- (iii) The "whole person" concept

(i) Operational stages

15. Most social security business consists of five main elements:

Provision of general advice and information;
Receipt and checking of claims;
Assessment and determination of rate payable;

Payment of sums due;

Maintenance of records, review etc.

These elements, which leave on one side particular specialist tasks such as contributions or liable relative work, prescribe the fundamental characteristics of the operation.

16. General advice and information: it is accepted that there is a need for substantial improvement in the provision of advice and information to the public. The main obstacle is the potential high staff cost (with around 500 local offices the cost of even one additional person per office is high). This problem might be eased if substantial staff savings could be achieved in other areas of work. The potential of less staff-intensive methods must also be examined. Possibilities to be studied include:

- a telephone enquiry service, providing freephone access to an enquiry point, probably in a Regional Office;
- improved provision of advice and information through outside agencies such as local authority Social Services Departments;
- provision of information through Viewdata systems such as Prestel;
- establishment of "advice units" in local offices (such a system would only be possible if the necessary staff resources could be provided);
- low cost methods of enhancing the appearance of local office public waiting areas.

17. Claims and assessments: for understandable reasons present methods of taking claims and making benefit assessments vary from benefit to benefit both in the method and time taken. It will be essential in future to give the local office staff a facility which would help them to resolve queries and process claims quickly. A balance will need to be struck between what is best done locally, and what could most conveniently be undertaken elsewhere. Offices will need terminals which allow rapid access to claimants records possibly supported by training aids and an information retrieval system to replace or

supplement printed codes of instructions.

18. Payments: a separate Rayner review has recently been completed on methods and frequency of payments. Discussions on its conclusions are continuing. It may be necessary to review this area again at a later stage, following experience of post-Rayner changes and the introduction of CAMELOT.

19. Records: the system must provide for holding and giving access to basic social security data (eg name, date of birth, correct NI number, contribution record) for the whole of the insured population. Much of this information should be quickly accessible at the point of claim, which in the majority of cases will be a local office. Because benefits overlap, access to the records of other benefits is also important. Comprehensive records are critical to sophisticated benefits such as New Pensions. Under present arrangements, basic records are in some cases held centrally for the whole country (eg NI pension payments, NI contributions, Child Benefit, War Pensions) and in others distributed throughout local offices (eg sickness and unemployment benefits, supplementary benefit). Whether records are kept manually or mechanically, they absorb resources. Resources can be released if records can be kept more economically and duplication eliminated. Factors which have to be balanced include the operational needs and the costs of data storage and of standards of accuracy and speed of access. The needs of the other Government agencies (eg the Inland Revenue, which has a traffic with DHSS of over 60 million items per year) are another important factor.

(ii) Location of work

20. The present distribution of social security work between central, regional and local offices is the result of organic change over many years. The current programme of local office integration will, when completed, produce 484 ILOs. Even so, the unemployed have to attend Job Centres and Unemployment Benefit Offices (administered by the Department of Employment) to claim contributory unemployment benefit and then (some 50% of them) attend a quite separate DHSS office to claim supplementary benefit.* Further, some benefits are administered almost entirely from Central Offices, eg child benefit from Newcastle and FIS from North Fylde. Some benefits involve both local and central offices, eg retirement pensions and short-term benefits.

* A scrutiny of the delivery of unemployment benefit and supplementary benefit for the unemployed is currently taking place, under the auspices of Sir Derek Rayner.

21. Apart from the history of particular benefits, some more general considerations underlie the present distribution of functions:

- 21.1 Specialisation: as social security operations have become more complex it has become difficult for staff to master and administer more than a limited proportion of the total rules of the systems. Such specialisation is a cost-effective way of working and can provide reasonable job satisfaction to the staff involved.
- 21.2 Dispersal of employment: because particular operations are specialised, fairly discrete and on a small scale (eg disability benefits, FIS, HNCIP) the work can be centralised and located in accordance with the employment policies of the Government of the day.
- 21.3 Technical considerations: centralisation can be a cost-effective way of doing the work, compared with distributing it around local offices. This was particularly true when the Department's present computer systems were first introduced. Large computers can handle complex, high volume activity, based upon centrally accumulated data. Once such centres were established at Newcastle and North Fylde it was cost-effective to attach new benefits where they required computer processes and where postal communication with beneficiaries was acceptable.
- 21.4 Benefits related to personal circumstances: supplementary benefit calls for complex assessment of highly individual personal circumstances and entitlement can be immediately affected by changes. Localised administration is the only practical operational approach for some aspects of such a benefit, even when reference to remotely held data is necessary.

22. It cannot be assumed that the present distribution and location of work will necessarily remain appropriate in the future, although proposals for change should be treated cautiously. A study of this issue has confirmed that there are very few social security functions for which a particular location, whether

local, regional or central, is clearly necessary. It does show, however, a clear need for a local interface with the public. The public expects most of its problems to be sorted out locally rather than at a distant central point, and although leaflets are useful, and telephones and other electronic systems may have an expanding role to play, they can never replace face to face contact where personal circumstances have to be assessed or where personal advice is sought. Similar considerations apply to visiting, interviewing and examination of records in connection with the collection of NI contributions; and to specialised functions such as investigations of individual cases of fraud and abuse, liable relative work and unemployment review activities. In some cases there is a balance of advantage in siting work in one place rather than another: an analysis is presented in Appendix 3.

23. The need for a local interface does not mean that detailed records need be held in every local office, or that calculations cannot be done by remote computers linked directly with the local office. It does mean that we need a continued and significant local presence. This being so, it makes sense to make these offices as useful as possible. A major objective should be to vest control of social security benefit activities in the local office wherever possible, unless there are compelling arguments of cost and efficiency in favour of more remote administration for particular benefits.

24. The future system will need to collect, retrieve, selectively change and store massive quantities of information; carry out calculations based on this information; and provide the necessary outputs. A design assumption for such a system is that local office staff must have ready access through terminals to the information needed to resolve claims or queries presented to the Department. Even in advance of the detailed analysis yet to be carried out, it can be postulated that response times of no more than a few seconds will be required at individual terminals; in fact CAMELOT (see paragraph 6(f)) above is being so designed. Subsequent processes - eg making payments and updating records - might not need as rapid a response.

25. Approaching the problem from the established base of the current or planned computer installations, it is possible to identify a number of theoretical options for providing a computer communications capability, all of which take account of developments in technology over the next few years:

- 25.1 Centralisation: the concentration of all computer and associated processing at a few large centres, with direct data transmission links to local offices.
- 25.2 Regionalisation: the distribution of data to regions (or areas within regions) each with transmission links to a group of local offices. The aim would be to minimise traffic to any central computer which might be required for, say, index work or the maintenance of contribution records.
- 25.3 Two tiers: a mixture of the central and regional approach which utilises all present or planned computer installations.
- 25.4 Decentralisation: the location of computers in every local office holding records for claimants dealt with at that office and linked to a central computer, the primary function of which would be to hold a national index and distribute contributions data.

26. Each of these options has within it a number of possible variants, and it could be that after detailed consideration of objectives, constraints, practicability and cost the most feasible system outlined will exhibit some characteristics of more than one of the theoretical options. Each approach will have advantages and disadvantages and more work on their implications will be needed before a firm decision can be reached. This is the central issue to which the work of the new branch mentioned in para 4.7 above will be directed over the coming months, with appropriate independent specialist assistance.

(iii) The "whole person" concept

27. An early study suggested that a major drawback of the present organisation of work is the tendency to treat individuals in a compartmentalised, benefit-by-benefit way, rather than as a "whole person" who may have a range of entitlements. The ideal would be that one claim would lead to the combined payment of all the benefits to which that person was entitled; that advice about all benefits would be available at a single point; and that information about changes of circumstances reported to one specific point would be applied without further action by the beneficiary to all processing points.

28. Such an approach, however, would require an excessively complex and expensive system and would make unrealistic demands on the experience and training of staff. Experiments with multi-purpose means tests have shown how difficult it is to deal satisfactorily with the needs of different benefits in one claim form. The need for an ideal system may be fairly limited in practice, since most claimants have entitlement to a limited number of benefits at any one time. In numerical terms the most important area of benefit overlap is that between supplementary benefits and other benefits. Around 60% of supplementary benefit recipients are also in receipt of national insurance benefits and over 40% of supplementary benefit recipients below pension age receive child benefit.

29. There are, however, a number of ways in which it should be possible to approximate more closely to the "whole person" concept. The need for improved advice and information has been discussed above. Suggestions have been made for extending combined payments of benefits and this will be considered further. A major step forward would be greater integration of contributory and supplementary benefit work, so that claimants did not have to attend different parts of the office (or even different offices) for different benefits: one possibility might be a "client group" approach, in which all the main benefits, whether contributory or non-contributory designed for a particular group (the retired, disabled, unemployed, sick etc) might be administered together. It is by no means clear that this approach would resolve the issue; but however done, improvement in this area is a central aim of the strategy study. Such changes would be primarily organisational rather than technological - although it might be unrealistic to expect counter clerks to cope with a significantly expanded range of matters until they have considerably greater technical assistance. Technological developments, however, should very greatly assist in improving this aspect of service: the main requirement will be comprehensive data bases and a modern communications system allowing easy access to them.

30. Bringing together the results of the three analyses it seems clear that we should aim at a system that will -

- (a) provide the public with ready local access to the whole system;
- (b) provide the staff at the local office with ready access to data bases;

- (c) ensure that data bases are up to date and comprehensive;
- (d) ensure that benefit payments are made accurately and promptly.

The point of contact with the public is critical. Where claims are assessed, and payments made and recorded, is much less important.

IV PEOPLE AND MACHINES

31. If the computer had not been invented we should still need an operational strategy. The objectives would not be very different from those set out on page 1 of this paper. It might be a little more obvious that the co-operation of the Department's staff was indispensable for a successful strategy; that management could not hope to get far without consultation with them; and that the contribution they could make extends far beyond the mere acceptance of plans imposed from above. Technological progress has made no difference to these truths, but it has made it rather more difficult to keep them steadily in view.

32. In the last five years the prospect of increased computerisation has created a great deal of anxiety. At the same time, a number of promising computer applications encountered greater difficulties than had been expected at the implementation stage. Unions felt forced to take up defensive positions. Just recently however, there have been signs of better understanding on both sides. Computer manufacturers, for example, emphasize the critical importance of the staff dimension in their literature and sales talk. Some union leaders have begun to encourage employees to take part in joint development committees. In their 1979 report on "Employment and Technology" the TUC agree that industry has no option but to adapt to new technology as quickly as possible. However, they are naturally concerned about the effect on employment and they stress that introduction of new technology should be preceded by full consultation with the work force. Management and unions are realising increasingly, not merely that they cannot afford to ignore technological advance, but also that neither can take full advantage of it without careful study followed by consultation and agreement with each other.

33. The main question for both sides is that of the degree of computerisation to be aimed at. For management, the limitations are both practical and human ones: those of cost, efficiency, reliability, and so on, and problems of handling the impact of new technology on staff and unions. For the Civil Service unions

the prime considerations are human ones - will the machines be paid for by reducing staff numbers; and will pay, conditions of work and the content of the job improve? Both management and staff stand to gain from computerisation, and both face risks. But both have to move forward, because in the long run the public will not accept a service which is inferior to the service provided by other agencies, or by social security administrations in neighbouring countries; and in the long run there will be no jobs for clerks who cannot use computer terminals. The acceptance of change by the staff is critical to success. It can be achieved only by their continuous involvement and consultation from the beginning of the planning stage.

34. DHSS has a better record than most of co-operation with the unions. We have now taken a new step with the Departmental Staff Side in establishing a Joint Committee - chaired by a Deputy Secretary - with the following terms of reference:

"To provide a forum for consultation between management and staff interests on the long term social security operational strategy study".

35. The Committee will not formally negotiate or decide on specific matters already dealt with elsewhere such as pay, grading or the application of new technology; it would, however, be able to identify any problems of this kind arising from the new operational system and remit them to the appropriate negotiating forum. Its main purpose will be to enable staff and their representatives to take part in the process of developing a new operational strategy and to agree arrangements for keeping all members of staff who might be affected by changes in touch with progress.

36. The issues to be discussed in this forum will range wider than "people and machines" but under this head it would seem sensible to start with basic questions such as "Is any further automation required?" before proceeding to others like

- what is the right relationship between man and machines?
- in what specific ways can machines be used to improve job satisfaction?
- what are the training requirements?

- how can changes best be phased to minimise disturbance and to allow staff time to assimilate new work?

37. There is considerable interest in the new strategy among staff in the field as well as at Headquarters and the Central Offices. This interest is an important asset which must be cultivated and conserved. It is essential to provide opportunities for people to learn what machines can and cannot do. Nevertheless it would be unrealistic to expect all staff to welcome change openly. The best way for senior management to earn the trust of staff is to involve them in the design and implementation of the change and to ensure that it is introduced in a sensible and coherent manner. This may require from management and staff representatives an alteration in their approach to negotiation and discussion in this area. It is better to recognise this and involve staff from the outset.

V WHAT TECHNOLOGY HAS TO OFFER

38. The present generation of computer equipment will reach the end of its working life over the next decade. In the absence of any across-the-board reconsideration of the Department's operations the present generation would be replaced with more modern technology, but within broadly the same overall operational structure. This would lose the opportunities for greater efficiency, economy and service to the public discussed above. What technical advances can be drawn on to contribute to these improvements?

39. The pace of technological change, as it affects data processing, will continue unabated during the next decade. Automated systems are likely to become cheaper and offer new and more flexible methods of dealing with administrative problems. Particularly noticeable recent trends have been:

- increased computer power;
- improved reliability;
- increasing miniaturisation;
- growing convergence between the hitherto separate fields of computers, telecommunications and office equipment;
- immediate and random access to and retrieval of data;
- rapid transmission of data;
- growth in the use of remote terminals;

- less reliance on electro-mechanical and more on electronic output devices;
- more reliable, comprehensive and flexible software;
- international moves towards standardisation.

40. Although the price/performance ratios of computer hardware will continue to improve through the 1980s, assessments of the overall cost of future computer systems are more difficult to make because of uncertainty about two major components - software and data transmission. Expenditure on software and services is likely to increase substantially as a proportion of total computer system costs. The Post Office are planning substantial improvements in data communication facilities: these will involve heavy capital investment, and until pricing policies are announced for the new range of facilities cost comparisons with existing methods cannot be made. It is, however, both the aim and expectation of the Post Office that unit costs will fall in real terms. It is already clear that the existing range of computer facilities used in the Department will be available at lower cost in the future; less clear at present, although the signs are favourable, is the extent to which new facilities can be introduced within the present or a reduced level of administrative expenditure.

41. There are a number of specific areas in which technical advance could greatly assist the operational system:

41.1 With the growth of micro-electronics the cost of Visual display units (VDUs) has fallen steadily. It is now possible to site within a local office a number of VDUs with a small but powerful controller which offers routine validation, correction and transmission facilities. Storage, printing and some programme functions may be added to provide a degree of autonomy. Advances in memory and logic will make this type of device even more powerful, and should permit the data to be processed locally, for example at the point of enquiry or claim.

41.2 Improved data transmission will provide a speedy, universal and high capacity method of passing data from one location to another. Developments in communications equipment will provide more accurate and secure transmission. High speed

facsimile and text processing, communicating copiers and communicating word processors will permit advances in office administration in the future.

41.3 The replacement of mechanical components by electronic ones will make printers and paper handlers more reliable; the laser "page" printer should be able to cope with the varied Departmental computer output. Text processing devices could be used to notify claimants of all but the most exceptional and complicated decisions.

41.4 Even today magnetic disc is price-competitive with magnetic tape as a medium for data storage. Data on disc can be organised to permit rapid and selective access for computer processing and terminal display as opposed to the slower, sequential access to data held on tape. This allows systems such as CAMELOT to be designed with response times at individual terminals of a few seconds. Larger and more expensive "mass storage" systems are capable now of searching millions of data items and retrieving a single one in about 10-15 seconds. Speed of retrieval depends upon many factors such as the number of terminals linked and the amount of traffic being handled, but the technology already exists to permit a shift from serial "batch processing" operations to more responsive systems that allow immediate access to data and permit the remote user to interrogate and alter central records. The association of routine validation, swift communications and fast access to data, coupled with distribution of computer power, is the most marked trend in computing today, and the advantages it can offer in meeting the needs of the Department are potentially very great indeed.

41.5 Television based information services such as Prestel and Ceefax will influence our methods of dealing with social security clients (see para 16 above).

42. Micro-electronic technology will have a much greater impact by the mid-1980s. "Chip" technology provides two of the most formidable characteristics of the computer - its memory and its logic. Advances in this technology will

enable the computer to retain more data in its memory store (reducing reliance on other storage media such as disc) and offering the designer more scope for "built-in" facilities. Greater capability and miniaturisation should permit micro-processors to be linked together in configurations which can make the most efficient use of computer power.

43. In the present part-clerical, part-mechanized system, claimants and others who have dealings with the Department have to contact different offices depending on the nature of their business. Retirement pensions are paid from Newcastle, child benefits are paid from Washington and war pensions from North Fylde. Then there are the benefits paid and recorded locally. A properly comprehensive system using the well-established national insurance number and allowing access to all social security information about an individual will be a sensible step forward. It should make possible the further step of using a single notification from a member of the public to amend the record relating to all his dealings with the Department.

44. With the sort of technological advances outlined above, new systems could provide:

- more accurate and comprehensive advice on entitlement;
- collection of all necessary information at one interview;
- speedier and more accurate settlement of claims;
- reduction in the need for beneficiaries to notify changes of circumstances to several points in the Department;
- more scope for combined payment of different benefits to one individual or family;
- rapid advice on claims and payments;
- reduction in paperwork and consequent delay;
- reduction of overpayments where these arise from failure to match information in different parts of the system.

45. How might this technology affect specific activities? The following examples illustrate some possibilities which are or may become technically feasible over the next few years. We include them as illustrations of possible change, not as firmly recommended proposals.

- 45.1 VDUs could be used interactively to "prompt" local office staff through complex administrative processes such as supplementary benefit assessments. Such prompts might operate at different levels to assist staff with varying degrees of experience.
- 45.2 Using display screens and data transmission facilities, information about recent child (or other) benefit payments could be provided within a few seconds to assist local office staff in determining title to, say supplementary benefit. At present it may take them a week or more to obtain such information.
- 45.3 Looking further ahead, it is not inconceivable for claims to benefit to be made from the home by the use of simple input devices linked to TV screens and connected to the telephone system for transmission to Departmental computers.

46. Technology is the tool, not the master, and should certainly not be introduced simply "because it is there". It is clear, however, that recent and prospective advances do open up important new possibilities which could very greatly assist the achievement of the overall objectives of the strategy study.

VI PROPOSALS

47. Previous sections of this paper review the results of a substantial number of studies representing extensive work over a long period. We believe that this groundwork will prove to have been justified, but it is now becoming urgent to draw it together into practical proposals. The studies have, on the whole, confirmed and underlined the general desiderata listed in Appendix 1. Closer consideration has made us doubtful whether it will be practicable to implement the "whole person" concept in its totality within the time-scale on which we are working. In other respects the studies have done little more than underline the desiderata earlier established. We have no doubt, though, that there has been an important shift in the weight to be given to the cost/benefit criterion. Where possible, it may be sensible to experiment with pilot schemes before

finally committing resources. We believe that it must be accepted as a basic condition for progress with the strategy that the result should be to provide a better service, and a more satisfactory job for the staff, while at the same time increasing productivity. Factors outside the strategy will determine whether increased productivity means meeting the present needs with fewer staff, or meeting greater needs without a proportionate increase in staff numbers.

48. None of our studies has suggested a need for sudden, fundamental change. On the contrary, several have underlined the special importance of a smooth transition when changes are made. We think that the time has come to break the total planning task down into more manageable sectors -

- a. We think that the critical sector is the creation of a communication system which will, with proper safeguards against improper use, allow access to the data at present held in central and local offices from any location and, as part of that activity, the determination of the appropriate location of information. There is no doubt of the need for a network of local offices where the public can get advice and help and where queries of all kinds can be resolved. But a study of the location of work, summarised in Appendix 3, suggests that there are relatively few functions which must be performed either locally or centrally, while modern communications and computer technology has reduced the need to bring records together physically in order to cross-reference them efficiently. Work on this sector will therefore lead to a more effective use of the Department's human and computer resources, and of the data we hold.
- b. Social security operations will continue to centre on the local office. It is there that the worst strains fall now, and that the most obvious opportunities exist to call technology to the relief of hard pressed staff. Unless we can improve the service provided from local offices, other improvements will make little impact. Within an integrated framework the aim should be to improve the availability of information to local office staff, so that the number of

contact points for individual claimants is reduced. Although there are obvious overlaps with a. and c, the local office sector is a separate one and its development should be separately planned. It will be particularly important to concentrate on the human factors involved in the man/machine interface and on the working conditions of staff.

- c. The third sector is the provision of information and advice to the public. There is a good deal wrong here at present, and we are heavily criticised for ineffective publicity, leaflets that are difficult to understand, unattractive reception areas etc. Technology is offering new channels of communication, such as Viewdata, and other people's computer-based advice systems. But although some improvements may be possible, for instance by reorganising reception arrangements in local offices, it is not easy to see how we can improve this aspect of our service without additional cost. Nonetheless, provision of advice should feature in the development of the communication system envisaged in (a) above and, as far as cash resources permit, experiments in the use of modern techniques should be undertaken.
- d. One third of the cost of administering social security benefits is incurred in making payments. A recent study by DHSS officials under the auspices of Sir Derek Rayner proposed economies here and provoked much public controversy. It is difficult at this stage to forecast the effect of this development on the long term. It seems certain, however, that substantial economies will eventually be made by adopting, as new patterns of public behaviour emerge, more modern payment methods.
- e. A separate study of arrangements for collecting social security contributions is under way. It offers various possibilities of reductions of work, but these depend on changes in policy which may or may not prove acceptable. A separate scrutiny under the auspices of Sir Derek Rayner, into the validation of national insurance records, is also taking place this year.

49. These divisions into different blocks of work are not sharp and clean and there is an obvious need for a general strategic co-ordination. Nevertheless, while we have no immediate proposals to make about sectors (c)-(e), work is proceeding on them and submissions will be made as appropriate. The main thrust at the next stage will be on the activities at (a) and (b) and we see the following programme of work.

1980-81

- produce a clear statement of current proposals for introducing and replacing equipment to meet known operational needs.
- Determine present constraints on retrieval of data and its transfer between installations.
- Analyse social security data to identify total data requirements and items common to more than one installation. Identify processes.
- Determine the role of existing installations in the "Future System" and produce broad systems specifications for their development.
- Consult with staff and others.
- Produce a "blue print" for a departmental communications system and the distribution of data and work.
- Provide estimates of costs and savings.
- Outline the systems objectives for assisting local office staff (ie determine what further local office work should be undertaken by the future system and how).
- Produce, by the end of 1981, a further planning document setting out proposals for the next phase and resource requirements.

1982 onwards

- Implement computerisation of Index (during 1982)
- Review CAMELOT and agree on national coverage (1982)
- Produce detailed specifications for system components (1982-83)
- Plan procurement, conversion, installation and implementation (1983-1984)
- Procurement, installation, programming, training, etc. 1985 -

50. Success with a planning activity of this kind, which seeks to evolve a future system by a step-by-step rationalisation of various separate operations and their integration within a Departmental frame work, requires a change from the present policy of devolved autonomy in the development of computer systems. A central authority is required responsible for defining data, programming and documentation standards for the Department as a whole, and to be a design authority whose agreement would be required before any computer development could take place. The authority should be located within MSC Division which should also design and lay down standards for communications facilities involving data transmission.

51. As preparation of the plan proceeds improvements which would be immediately worthwhile may be identified. Appropriate approval for their introduction will be sought in advance of the submission of the next planning document which, at this stage, it is proposed to submit towards the end of 1981. That plan itself will include:

- a. A proposal with broad costs and savings for an integrated operation including its organisational and human implications.
- b. How and within what timescale phased implementation might be achieved.
- c. Proposals with detailed planning costs for work up to the end of the next review period, including costs and savings for improvements which can be implemented within that timescale.

The review process should be undertaken when the next planning document is produced and should include a re-examination of the assumptions on which the planning had been based.

Publicity and Consultation

52. Changes in social security operations will have to be carefully planned so that they can be introduced systematically over a long period without detriment to standards of service during the process. The Department is taking steps to strengthen its capacity for planning, designing and implementing the major programme of change discussed above.

53. Changing social security operations in this way will affect a lot of people: staff, public, employers, trade unions, banks, the Post Office, computer manufacturers, voluntary organisations, local authorities and other Government Departments. It will also involve the expenditure of large sums of public money over a number of years. To be successful, the process will need the broadest possible measure of understanding and assent from all those affected. It will be important therefore, to make information about the strategy widely available, and to try to secure a broad consensus about the main features so that it can develop consistently over the period needed for its implementation. It will be necessary to embark on a process of consultation with the agencies who will be affected, and to draw on the experience of other countries and organisations operating on a scale comparable to ours who have undertaken major technological and organisational changes. The importance of involving staff and consulting with their representatives from the outset has already been stressed (Section IV). It should also be made clear that the Department is interested in hearing the views from any quarter - and particularly from the public whom the social security system exists to serve. As well as approaching others for information and ideas, we should publicise the strategy in a way that may stimulate a wider public to react and to volunteer opinions. It should be clear that we are not only anxious to promote understanding of the strategy, but also receptive to any ideas that may help to shape it in a way that will give it the widest possible measure of public support.

CHECK LIST OF DESIDERATA

(SECTION II PARA 4.1)

This appendix sets out the various desiderata contained in the second report of the Social Security Operations Strategy Study Working Group as amended by the then Steering Committee.

1. The Whole Person Concept

1.1 All relevant data about the person concerned held by the Department should be readily accessible at the point of enquiry or claim.

1.2 The records of spouses (and other people with adult dependants) should be suitably cross-indexed, care being taken to avoid criticism of interfering or of obtaining unnecessary information.

1.3 Child Benefit records should be cross-indexed to the records for both spouses or other appropriate adult.

1.4 Notified changes of circumstances should be relayed where appropriate to all related payment, awarding or record points.

1.5 Records should be arranged and communications developed so that 1 to 4 become possible.

1.6 Where from the Department's stand point it would be more economical to combine payments then this should be done: otherwise it would be necessary to ascertain what the customer wants and needs and the cost of providing it.

1.7 The ability to give a claimant advice and information about a wide range of benefits (perhaps not only DHSS benefits) should exist.

2. Service to the Public

2.1 Coverage must be such that for people who need, or whose claims require, a face-to-face contact, a contact point is within reasonable distance except in remoter parts; for the rest, a good telephone enquiry service should be provided. (Note: this criterion by definition embraces unemployment benefit)

2.2 The standard of accommodation and furnishings, particularly in the caller areas, where contact with claimants occurs should be improved.

2.3 At a minimum, each contact point should be able to give accurate up-to-date advice on all social security benefits and contribution aspects. In the longer term, the same contact point should provide advice on DHSS and Local Authority administered benefits. Procedures and contact points should remain as constant as possible.

2.4 The speed and accuracy of response to enquiry, claim, etc, should - with due regard to cost-consciousness - aim to match the best given by other large scale organisations and in cases of hardship or emergency should be very rapid indeed. What kind of contact points should be provided, how staff can have access to information, and how staff can be trained to match this aim all require very close consideration.

2.5 Standards of performance should be defined as far as possible and performance monitored with special reference to comprehensiveness of advice, courtesy and humanity.

2.6 Staff should be given adequate training, supervision, and equipment so that set standards can be met.

2.7 Departmental leaflets and forms should be as simple and straight forward as possible and efforts should ensure that the public at large is better advised than now of the benefits and services available and how they may be obtained.

More generally, the system should be capable of adjustment to match any marked trends in what the public regards as acceptable: this may at times allow for a lessening of official work.

3. Efficiency/Use of Resources

3.1 Future operational systems must involve improved communications; investment is essential even though the immediate effects may not show a positive cost/benefit result. Account should be taken of the opportunities offered by recent developments in the computer world so that, in the longer term, the system would be less labour intensive.

3.2 The systems must have due regard to cost consciousness as well as effectiveness. For example, within the existing complex of central, regional and local offices - and with due regard to the needs of the public - work should be located where it can be most efficiently done.

3.3 Proper regard must also be paid to security of information in the interests of the individual citizen, prevention of fraud, and the provision of back-up facilities against breakdown, whether due to acts of providence or of the staff.

3.4 Arrangements should exist for the regular review of the procedures involved in each benefit, of the way it fits into the general procedural and organisational structure and the costs of the operations involved in each benefit.

3.5 It follows that much more information on the costs of administering benefits, as a ready tool of management control and review, must be developed.

4. Staff Relations

4.1 To involve staff and Staff Side in developments from an early stage.

4.2 To encourage, obtain and maintain staff support for the changes which are proposed.

4.3 To structure change so as to improve, or at least not to reduce, job satisfaction, to provide and use equipment so that, as far as possible, machine assists man rather than the converse, and to space out changes to allow staff adequate time for proper assimilation of new work.

4.4 To provide training which explains the Department's aims and the advantages of the new technology so as better to equip staff to advise the public.

4.5 It is important to give staff sufficient time to assimilate changes in instructions: a slower and more orderly introduction of new procedures might, therefore, achieve better results.

5. Fraud

5.1 When developing systems - both clerical and ADP - safeguards should be built in as may be necessary to prevent the incidence of and scope for fraud and incorrect payments.

5.2 All local office staff should be alert to fraud possibilities, and specialist staff (at LO and/or RO) should develop expertise to assist the prevention and identification of fraud.

5.3 All relevant Social Security information held within the Department should be accessible at the point of claim.

5.4 The development of a central index and the use of a single reference number (ie the NI number) for all dealings with the Department is considered to be essential.

5.5 Every encouragement should be given to developing systems for paying benefit direct into bank accounts.

6. Payment Arrangements

6.1 The frequency of payments should be examined with a view to securing a reduction where this would be acceptable and operational savings would result.

6.2 The Department should concentrate on developing a system of payment by direct bank credit and encourage people to adopt it. In doing so, however, the effect on the Department's encashment arrangements with the Post Office needs to be borne in mind; order books will still be needed, at least as a fall-back method of payment, for the foreseeable future.

6.3 Where sensible, payment of benefits paid to one person should be combined; but care would need to be taken to ensure that adequate explanations of the make-up of the payment were issued.

6.4 Any payment system needs to be quickly responsive to notification of changes of circumstances.

6.5 With due regard to the above and to operating costs, the Department should provide the public with a reasonable choice of method of payment.

6.6 A responsibility for overall policy on payment matters should be allocated in Headquarters.

7. Relations with other Government Departments and other Public Agencies

7.1 To develop and, where necessary, to establish working contacts in other Government Departments and Agencies, so that the development of the DHSS system takes account of their situation, problems and intentions.

7.2 To identify areas in which the impact of such matters is (or should be - eg Local Authority Social Services Department) significant in our affairs, so as to ensure that allowance is made for it.

1. This Appendix provides certain basic information on recent changes in DHSS staff numbers, computers, workloads and administrative costs.

STAFF NUMBERS

2. Changes in DHSS staff numbers over recent years are illustrated in graphs 1 and 2.

COMPUTERS

3. The Department's use of computers for Social Security tasks dates from 1959. Major installations have been established at Newcastle Central Office (covering installations at both Newcastle and Washington), North Fylde Central Office, Reading and Livingston. The growth in ADP staff is illustrated in graph 2, and the growth in computer-made benefit payments is illustrated in Tables 1 and 2.

4. Newcastle computers maintain the contribution record of 47 million insured persons. 37 million items of contributions information are received and processed each year, and the computer file is searched daily to answer queries received from local offices. These currently average 60,000 per day. The records of some 9½ million pensioners are also processed daily to give effect to changes and to maintain continuity of payment. About 100,000 pension order books and 20,000 payable orders are produced each day. The Newcastle machines also handle the work of accounting for the 100,000,000 or so Giro orders issued each year in payment of social security benefits (Table 2) and process the payroll for the Department's 94,000 staff.

5. The Washington Computer Centre deals with Child Benefit awards and payments, paying allowances to more than 7 million families and maintaining records of more than 13 million children. It is also responsible for producing 15,000 Social Security statistical tables each year.

6. The installations at Reading and Livingston are primarily involved with the payment of Unemployment Benefit and associated Supplementary Benefit. The Centres are connected on-line to local Unemployment Benefit Offices (administered by the Department of Employment).

7. The North Fylde Central Office has two ICL computers carrying out a variety of tasks. In addition to major tasks on the Health side of the Department, they issue payments for War Pensions, Attendance Allowance, Mobility Allowance, Housewives Non-Contributory Invalidity Pension, Invalid Care Allowance and Industrial Death Benefit.

8. A further current project (CAMELOT) is concerned with the application of computers in local offices for the payment of sickness, invalidity and supplementary benefit. It is envisaged that the pilot project should go live in 1981, with a view to possible national implementation during the mid-1980s. The Newcastle Central Index of contributors is also being computerised and should be operational by April 1982.

DEPARTMENTAL WORKLOAD

9. Tables 1 to 3 below illustrate changes in certain aspects of the Department's workload:

TABLE 1 : ORDER BOOK FOILS ENCASHED BETWEEN 1971-72 AND 1979-80 -

	MILLIONS								
	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80 ^x
Total Foils Encashed	741.3	752.9	762.5	787.7	798.3	788.3	916.9	967.4	919.4
Foils Produced Manually	310.0	314.0	319.3	329.2	325.7	329.9	450.2	502.7	174.4
Foils Produced By Computer	431.3	438.9	443.2	458.5	472.6	458.4	468.7	464.7	745.0
% of Computer Produced Foils	58.2	58.3	58.1	58.2	59.2	58.2	51.0	48.0	81.0

x Estimated

The introduction of Child Benefits in April 1977 largely accounts for the increase in manually produced order book foils in 1977-78 and 1978-79. The production of Child Benefits order book foils by computer was phased in from April 1979. This explains the marked percentage increase in computer produced foils in 1979-80. However, the figures are based on estimates and should be treated with caution.

TABLE 2 : GIROCHEQUES ENCASHED BETWEEN 1972-73 AND 1978-79

	MILLIONS						
	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
Total	56.3	68.5	78.0	98.5	113.5	116.1	113.1
Computer Produced (Reading, and Livingston from 1978)	2.7	2.4	3.5	10.7	14.7	23.7	35.4
Manually Produced	53.6	66.1	74.5	87.8	98.8	92.4	77.7
% Produced by Computer	4.8	3.6	4.5	10.9	13.0	20.0	31.0

TABLE 3 : CLAIMS TO BENEFIT AND NUMBERS OF BENEFIT RECIPIENTS 1970 TO 1978 *

	MILLIONS									
	1970	1971	1972	1973	1974	1975	1976	1977	1978	
Claims to Benefit During Year	23.7	22.7	23.9	21.1	21.5	22.6	24.7	26.6	24.9	
Number of Benefit Recipients on a Given Day	17.2	17.8	17.9	17.8	17.8	18.4	19.0	21.9	22.3	

Sources: Social Security Statistics and the Department's Annual Reports

10. Statistics of the Department's "inputs" (claims) and "outputs" (payments), however, give only a partial indication of the changes in the Department's total workload, and make no allowance for crucial changes in the nature and complexity of work. Changes with significant operational implications in the 1970s included:

- introduction of 10 new benefits;
- recasting of contributions work under RNI;
- recasting of the pensions scheme under New Pensions;
- replacement of Family Allowance with Child Benefit;
- introduction of annual (sometimes more frequent) benefit upratings;
- introduction of various temporary schemes (eg butter tokens, fuel schemes);
- replacement of Milk Assisted scheme;
- changes from manual to computer methods, especially at Central Offices.

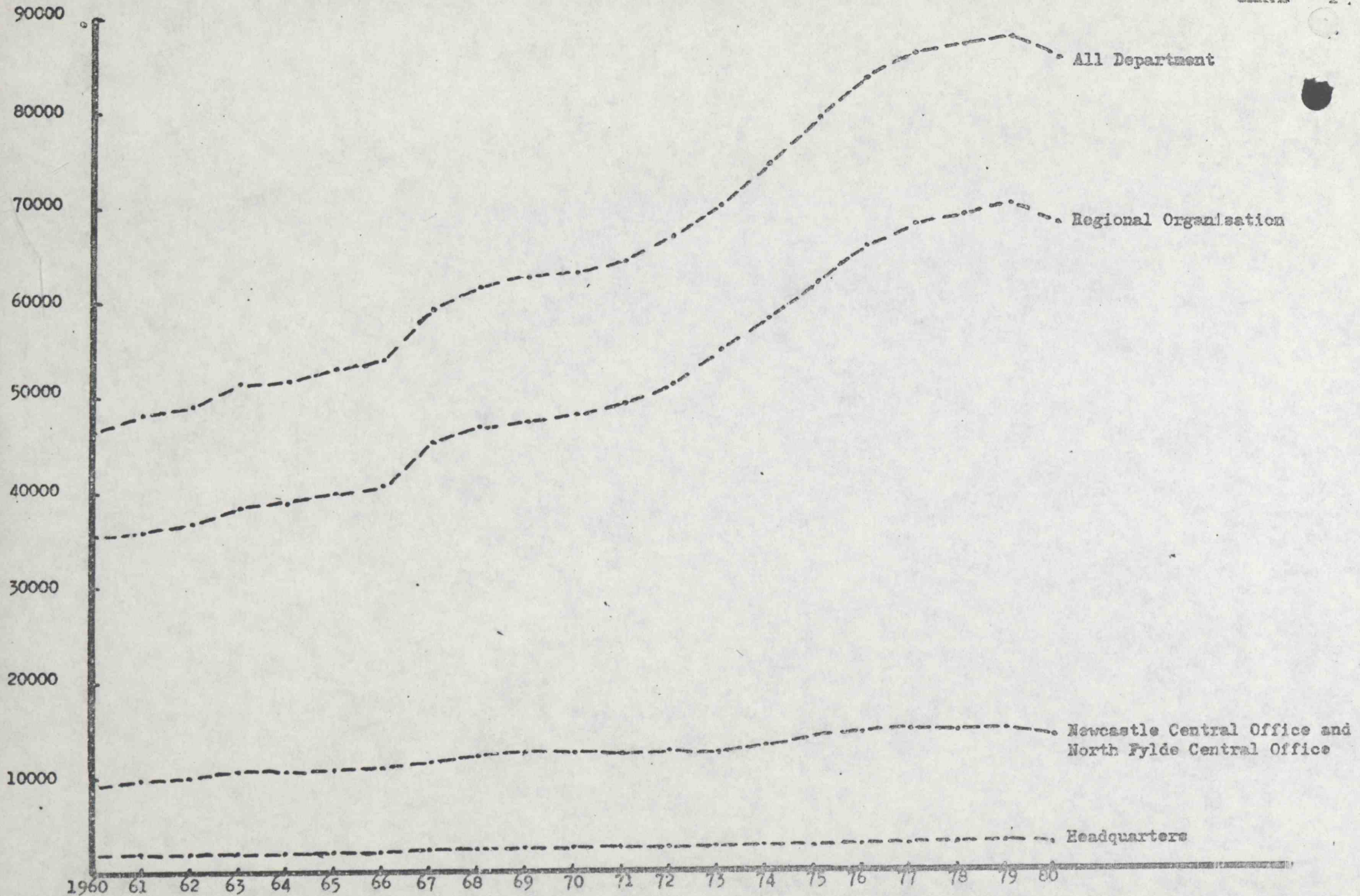
These are just some of the more striking changes which have occurred. The effect has generally been to increase the complexity of operations and in many instances to add to the overall work of the Department.

ADMINISTRATIVE COSTS

11. Changes in the Department's overall administrative costs are illustrated in graph 3.

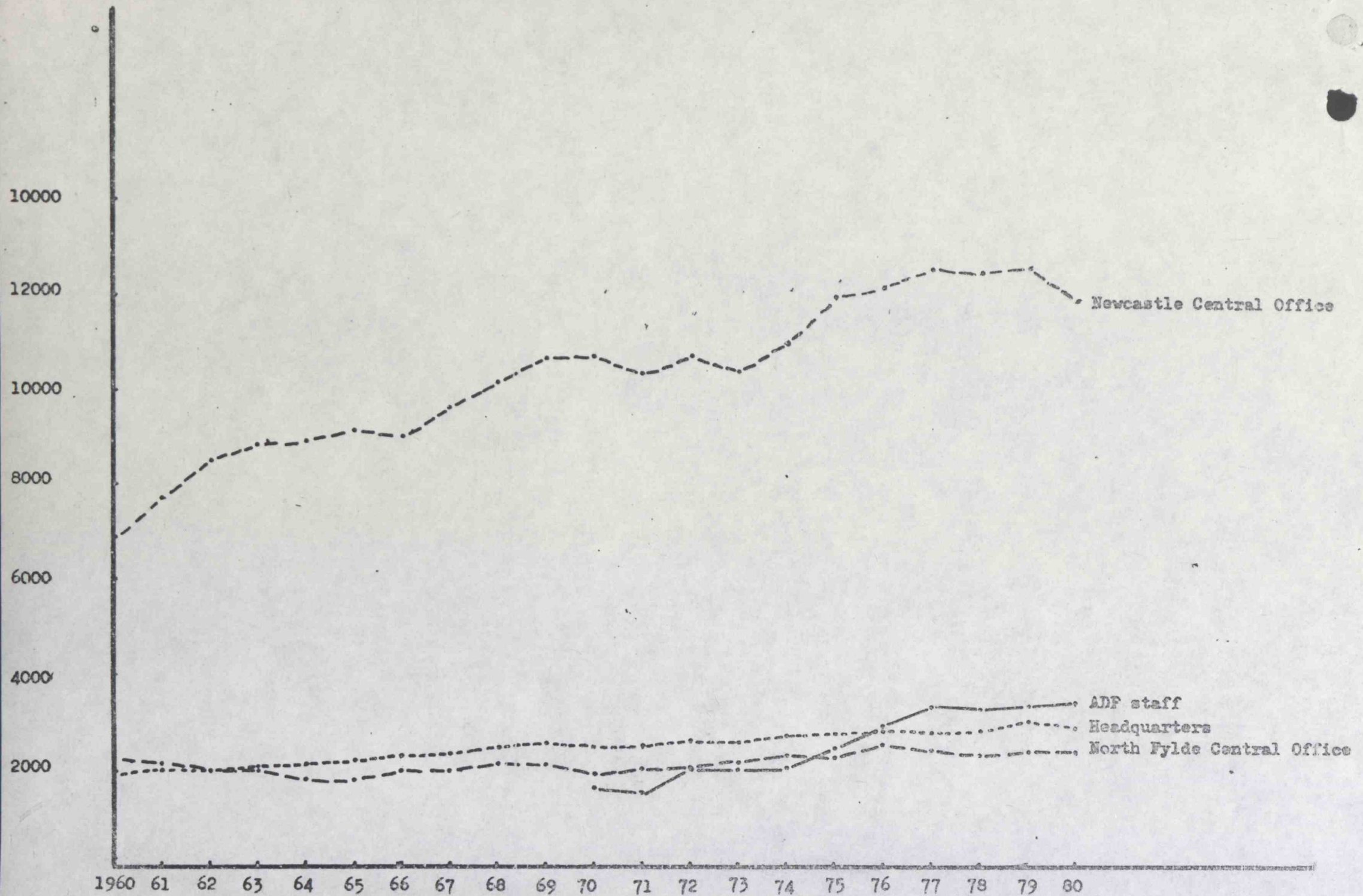
SOCIAL SECURITY STAFF IN POST

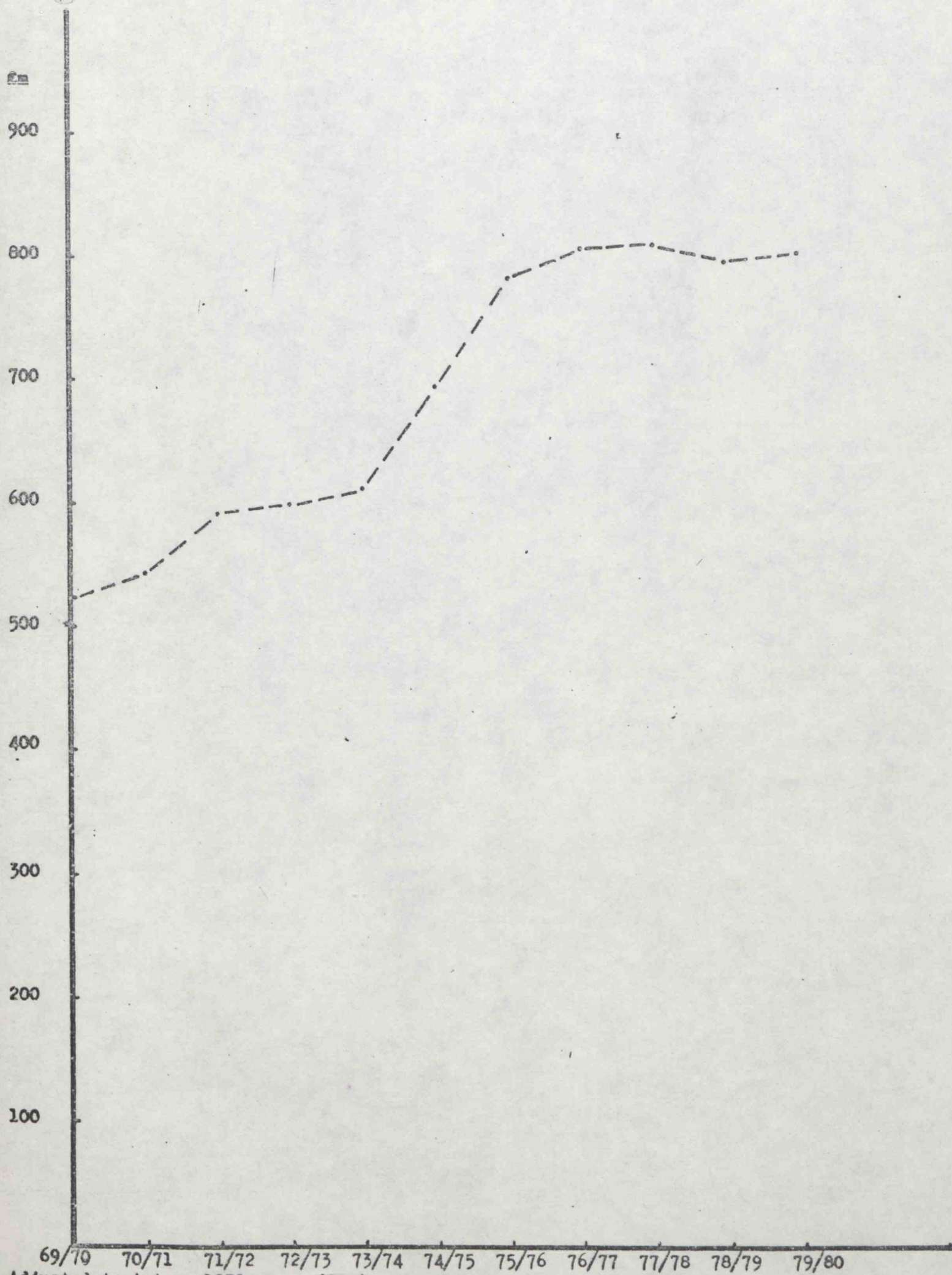
APPENDIX 2
GRAPH 1



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APPENDIX 2
GRAPH 2





Adjusted to Autumn 1979 pay and prices

Figures include DHSS pay, DE pay, other DE and DHSS costs and other Government Department costs

SUMMARY OF LOCATION NEEDS OF PARTICULAR FUNCTIONS

The following tables give an at-a-glance summary of the location needs of each of the principal stages of the various benefits and contributions processes. The detailed argument supporting the conclusions is given in the report where the item is of major significance, otherwise it is contained in Appendices B - I (which are available under separate cover).

The symbols used in this summary are as follows:

- a. Compelling reasons for processing locally - 
- b. Balance in favour of processing locally - 
- c. Compelling reasons for processing centrally - 
- d. Balance in favour of processing centrally - 
- e. Could be located anywhere (clerical process) - 
- f. Could be located anywhere (computer process - either now or anticipated within the next ten years) - 

1. MEANS TESTED BENEFITS

Function	Supp Bén.		FIS
	SA	SP	
Claim investigation *			
Verification			
Assessment			
Computation	} 	} 	-
Payment			
Review/ changes			-
Special aspects/ difficult cases			

2. CONTRIBUTIONS

- Registration
- investigation
- verification
- creation of record

Collection

Sorting to record

Location of record



*NOTE: The term "Claim investigation" is used in this summary to cover the collection of information necessary to decide entitlement (other than contribution record).

CONTRIBUTIONS (continued)

Queries on contributions record

- which can be resolved by a check of the file/index
- which require local investigation but not necessarily by visit or interview
- which can only be resolved by visit or interview

Compliance work

3. SHORT TERM BENEFITS

Function	SB	IVB	NCIP	MA	MG	IIB
Claim investigation						
Shuttle						 (SB)
Rating						
Computation						
Payment						
Review/changes					-	
Special aspects/difficult cases					-	

4. CHILDREN'S BENEFITS

Function	CB/CBI	GA	CSA
Claim investigation			
Documentation*			
Rating			
Computation			
Payment			
Review/changes			
Difficult cases			

*NOTE: The term "Documentation" is used in this summary to cover sight of certificates etc needed to support the claim.

REFUGEE/WIDOWS BENEFITS

Function	RP	WA	WMA/WMA(P)	WP
Claim investigation				
Documentation				
Shuttle				
Rating				
Computation				
Payment				
Review/changes				
Special aspects/difficult cases				

6. WAR PENSIONS/BENEFITS FOR THE DISABLED

Function	War Pension and Surps	AA/ICA	MobA	HNCIP	Dis Ben (inc SHA etc)
Claim investigation					
Medical criteria					
Rating					
Computation					
Payment					
Review/changes					
Special aspects/difficult cases					