

PRIME MINISTER

DHSS have been working on a long term operational strategy for social security. The work was begun under the previous Government, but Mr. Jenkin was happy to continue it. He is now ready to broaden consultation. He would like to touch on the matter during the debate on The Queen's Speech and make a consultation paper available shortly afterwards. If any discussion is necessary, it will take place in H Committee.

Mr. Jenkin's letter below (A) draws attention in particular to the proposal that everyone should have a single reference number throughout the social security system. This will certainly get a bad reception from those who fear the Government's ability to centralise all available information about individuals. But, equally, such rationalisation is a logical part of efforts to rationalise the system.

The document is quite long. There is a one page resumé at Flag B and the full paper is at C. The specific decisions eventually reached in this field will be an important test of sensible use of computers and other advanced technology. In general, the paper seems to me to cover thoroughly the issues which have been under study. But you may think there is a gap, in the lack of any real discussion of rationalising the existing range of instructions on entitlement to social security benefits. This may well draw comments from other recipients of the paper.

2 October 1980

I agree - it's much of the "class in". Any safety needs could be addressed by - further work.

MR



10 DOWNING STREET

From the Private Secretary

13 October 1980

BF 27.10.80

The Prime Minister has seen your Secretary of State's letter of 26 September about a long term strategy for social security operations.

She is concerned about the proposal for a single reference number throughout the social security system. No matter how clear cut the present Government's intentions, there could be nothing to prevent some future Government abrogating whatever safeguards were now built into such a system.

Mrs Thatcher would therefore like to be kept informed of the way in which your Secretary of State proposes to touch on the strategy during the Debate on the Address, and she would not wish the Government to feel committed to any particular decision on the single reference number point until the work now in hand on data protection is complete.

I am sending copies of this letter to Stephen Boys-Smith (Home Office) and David Wright (Cabinet Office).

M. A. PATTISON

CS

Don Brereton, Esq.,
Department of Health and Social Security.

CONFIDENTIAL

1,
PRIME MINISTER

ARRANGEMENTS FOR PAYING SOCIAL SECURITY BENEFITS

Patrick Jenkin has now received comments from colleagues on his draft consultation paper about Social Security benefits, arising from last year's Rayner Project.

As I mentioned to you several weeks ago, there is one fundamental issue remaining. This is the question of frequency of payment of retirement pensions. You made it clear some time ago that compulsion should be ruled out. Mr. Jenkin wants to interpret this to apply not only to present pensioners but also to everyone who becomes eligible for pension in the future. Derek Rayner believes strongly that it would be a mistake to make a binding commitment about future pensioners, and he sees real advantages in proposing to switch new pensioners to fortnightly payment from some specified date in the future.

Even without this change, the Project is still likely to be worth savings of some £40 million, but the additional change could add considerably in the long term. As you know, Ireland is the only other EEC country which still pays its pensions once a week. I attach a copy of Derek Rayner's letter on the subject.

Do you wish to support Derek Rayner on this point, or to support Patrick Jenkin, or to stay out [✓] of the argument? - *at present*

ms. MRP

16 October 1980



Social Security

2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/17346/80

Your ref:

28 October 1980

See Patrick

PA 1

SOCIAL SECURITY OPERATIONAL STRATEGY

I have seen your letter of 26 September to Willie Whitelaw, and agree that the Strategy document should be published. As you point out, public discussion of these matters is a necessary part of the process of change.

I note that there are implications for local government in your proposals but any increase in the efficiency in the DHSS service to claimants will no doubt ease the burden on local authority social service departments. I take it the local authority associations will be invited to join discussions on the exercise.

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

Yours ever

[Signature]

MICHAEL HESELTINE

The Rt Hon Patrick Jenkin MP

29 OCT 1980





✓
MA
Social Services

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Patrick Jenkin MP
Secretary of State
Department of Health
and Social Security
Alexander Fleming House
Elephant & Castle
London SE1 8BY

15 October 1980

Dear Patrick,

SOCIAL SECURITY OPERATIONAL STRATEGY

Thank you for sending me a copy of your letter of 26 September to Willie Whitelaw.

Obviously it is desirable that your massive social security operation should function efficiently and economically, and thus it is clearly right that your Department should be examining its possible development over the next decade or so. I agree, too, that given the importance of the matter, and the necessary involvement of your staff, and the very many other interests that are likely to be concerned, it would be sensible to "go public" in the way you propose.

That said, however, I think we should be careful about how fast we proceed down the path you suggest, and in particular how far we should either raise expectations now that dramatic changes are in the offing, or allow ourselves to become committed to any particular system or development without being quite sure that that is what we want. This means that it must be clear that the next stage is, as you propose, merely the design of a strategy, leaving all the options open. There are a number of reasons why I think we should proceed gently.

The first and obvious one, of course, is the question of the money and manpower resources that would be involved. I can understand why the draft document is, if I may say so, rather thin on these matters at present. But clearly given present public expenditure and manpower constraints we shall have to be very careful indeed about the worthwhileness of any increased public expenditure on the administration; indeed all our efforts should be bent in the other direction. I hope, therefore, that

the draft document can make it clear that cash and manpower constraints may, when they come to be quantified, necessarily mean that developments that might otherwise be desirable will not be feasible, or at least not immediately feasible.

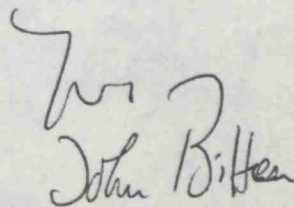
Second, there is the question of the cost-effectiveness of the exercise. I can understand the desirability of having the quality of service given to beneficiaries as high as possible, but this has a cost and needs to be judged against the efficiency (in the sense of cutting the cost of delivering benefits) that can be achieved. And there may be some room for argument about what is meant by "quality" - the nub of your proposal is, as I understand it, the "whole person" concept but, quite apart from considerations of administrative cost and privacy, it will have to be shown that this does give a better and fairer service to the individual than the present benefit by benefit approach.

Thirdly, I am concerned about the question of flexibility and the need not to over-fossilize the system whether during the period of development of the new strategy or for later. Our efforts must be bent to simplifying the basic social security system rather than building an administration which enshrines the complexities. And we must continue to bear in mind the possibility, at some stage in the future, of a closer link with the tax system - at the moment we have no alternative to two large administrations one taking money from people and the other giving it to them, but this might not have to be so forever.

At the end of the day, or indeed as we go along, there will of course be trade-offs between the various desiderata involved; for instance cost versus manpower, cost or manpower versus speed or efficiency, speed or efficiency versus flexibility, and of course speed and efficiency versus vulnerability. I am not sure that your paper completely recognises that these trade-offs exist and will have to be looked at as the exercise proceeds. We do not want to find ourselves unknowingly stuck with a system which gives the various factors the wrong weights.

As I say, I agree that it is right for you to look at your long term strategy, and I am content for you to proceed as you propose by way of announcement and publication of your plans. On the substance, I am sorry to appear to be so cautious, but there are a number of points which appear to need watching and which we shall have to consider as planning develops. I hope it will be possible for your paper, or perhaps your introduction to it, to reflect some of these points and, more generally, the fact that the strategy is still very much at the planning stage.

I am copying this letter to those who had copies of yours.

A handwritten signature in dark ink, appearing to read "John Biffen". The signature is fluid and cursive, with the first name "John" written in a larger, more prominent script than the surname "Biffen".

JOHN BIFFEN



Minister of State

Civil Service Department

Whitehall London SW1A 2AZ

Telephone 01-273 3000

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services
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Alexander Fleming House
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LONDON SE1 6BY

15 October 1980

SOCIAL SECURITY OPERATIONAL STRATEGY

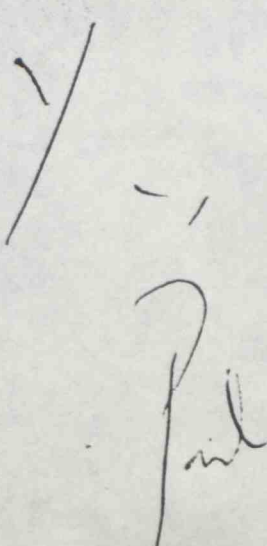
You sent Christopher Soames a copy of your letter of 26 September to Willie Whitelaw about this. Since you ask for urgent comments Christopher Soames, who is away today, has asked me to reply on his behalf. I welcome the general thrust of the paper. But I do think we should give more emphasis to the need for economy. In paragraphs 7-13, surely our objective must be to cut the cost of administration, not simply to limit growth. We need a paragraph somewhere making this point clear.

In addition to your long-term work, I hope DHSS will now press ahead where possible with short-term simplification. This is important both as part of our strategy to cut the Civil Service and also since the simpler the system the simpler it will be to computerise it later, as suggested in the paper.

I agree that it would be useful to publish the document. There will of course be a mass of work to be done in the next year or so, and I would be grateful if our officials could keep in close touch.

I am copying this letter to the Prime Minister, Willie Whitelaw, Geoffrey Howe, Keith Joseph, the members of H Committee, Sir Derek Rayner, Sir Robert Armstrong and Mr Ibbs.

PAUL CHANNON





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MA

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-

233 8224

13 October 1980

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services
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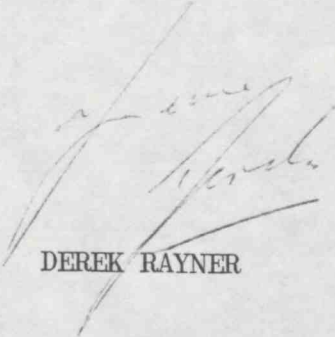
ARRANGEMENTS FOR PAYING SOCIAL SECURITY BENEFITS

1. Thank you for copying to me your letter to Willie Whitelaw of 26 September enclosing a draft of the Command Paper.
2. You and Linda Chalker have both given much personal consideration to the Warner Report's recommendations for improving the efficiency and effectiveness with which social security payments are made. If I may say so, I am grateful to you for sticking to the subject.
3. I am glad that you have been able to accept those recommendations which relate to administrative procedures, the method of payment and, in the case of child benefit, the frequency of payment. The savings of £40,000,000 per annum, achievable by 1987-88, are well worth having. I am glad also that Keith Joseph has agreed to amend the Post Office Act, so enabling these changes to be effected without conflicting with the Government's commitment to preserving the post office network at about its present level.
4. I am disappointed however that changes are not contemplated in the frequency of payment to retirement pensioners, widows and those in receipt of smaller volume benefits, except where they are paid direct into a bank account.
5. I do of course recognise that pressures may be applied against such changes. On the other hand the Command Paper is extremely convincing on the case for change. For example, in paragraph 13, it is argued that many pensioners, especially the younger ones and those reaching retirement age during the next decade, would be willing to receive their payments less often than weekly and it is noted that, with the exception of Eire, the United Kingdom is unique among EEC countries in paying pensions as often as once a week.

6. The Command Paper is accordingly a persuasive vehicle for reform, opportunities for which might be very difficult to recreate in the future. Certainly, if present opportunities are lost, the penalty in terms of unnecessary administrative costs will be high.

7. If the Command Paper were to envisage a change to fortnightly payment for all new pensioners, starting say 1985, it would secure the future, even though immediate savings would be relatively small. Moreover it would enable change to be sufficiently gradual for the sub-postmasters to adjust within their new found freedom from the shackles of the Post Office Act 1969. I do hope that this opportunity can be taken.

8. I am copying this to your copy addressees.



DEREK RAYNER

14 OCT 1980

