

PRIME MINISTER

PAYMENTS TO THE UNEMPLOYED

Lord Young mentioned to you last week the difficulties between him and Mr Fowler about the future handling of payments to the unemployed. Lord Young wants these all to be concentrated in the Department of Employment; Mr Fowler thinks they should all be brought under the wing of the DHSS.

This is a problem which has remained unresolved for twenty years. I am told that it is further complicated this time by personal tensions between the two main ministers concerned, though I understand that Mr Clarke has been playing a very helpful role in trying to keep relations on an even footing.

Officials have prepared a joint report which sets out the options. Officials in each Ministry have also each prepared notes on the issues as seen by their respective Ministers. The question now is how to take this forward with the minimum of friction.

On timing, there is no pressing need to take a decision before the recess and tempers are likely to be less short after a holiday. Lord Young and Mr. Fowler are content to let the question stand until September.

In the meanwhile it would probably be useful for the Cabinet Office to involve themselves (the Efficiency Unit already are, though not Brian Unwin and his team) in order to see whether at least some of the subsidiary points can be sorted out and possibly to see whether a Cabinet Office paper can be circulated rather than separate papers by the two Secretaries of State.

The right way of proceeding in September can be decided when you have seen the papers through the Cabinet Office. I have asked that no papers should be circulated more generally until you have decided how you wish to handle this.

Agree this way of proceeding?

Yes

John

David Norgrove

2 July 1986



10 DOWNING STREET

From the Private Secretary

MR. UNWIN,
CABINET OFFICE

PAYMENTS TO THE UNEMPLOYED

We have discussed from time to time the disagreement between Lord Young and Mr. Fowler about responsibilities for payments to the unemployed.

The Prime Minister has now agreed that Ministerial discussion of this problem should be held over until September and Lord Young and Mr. Fowler are content with this.

I should be grateful if in the meanwhile the Cabinet Office could consider the papers which have been prepared jointly and separately by the two Departments to see whether they offer an adequate basis for a Ministerial discussion and if possible to see whether any of the outstanding issues can be resolved before they come to the Prime Minister.

We might discuss in early September whether the path to an agreement might be smoothed by bilateral meetings or in other ways before a multilateral meeting with the Prime Minister.

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DAVID NORGROVE

8 July 1986

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MR WIGGINS

FROM: J B UNWIN

cc Mr Langdon

Mr Roberts

30 June, 1986

Dr Walker

Mr Norgrove (No 10



Unemployment Benefit

A row is brewing over who should be responsible for looking after the unemployed.

2. In the light of a review by officials, Lord Young wishes to extend the remit of the Unemployment Benefit Offices (UBO's) so that they cater for all the needs of the unemployed (a sort of 'whole unemployed person' approach). This would involve some 32,000 staff and mean taking over the administration of a variety of current DHSS functions.

3. Not surprisingly, Mr Fowler reaches an opposite conclusion. He thinks that DHSS had better take over responsibility for paying unemployment and supplementary benefit to the unemployed also. At present the cost of U.B. and S.B. for the unemployed falls on the DHSS vote, but D.E. act as their agents in administering it - normally in separate offices often physically distant from the DHSS Social Security offices.

4. I am sure it is high time these services were rationalised. In fact I campaigned for it 10 years ago in S.S. in the Treasury! It will not, however, be easy to resolve the issue, given the respective positions of the two Secretaries of State, and I am sure that the Prime Minister will need to be directly involved. It is in any case a major policy issue.

5. I have therefore suggested to Mr France, who consulted me, that unless we resurrected MISC 111 for the occasion (and I doubt whether this would make sense), the right forum would be E(A) rather than H Committee. If it went to the latter, the Lord President would only have to consult the Prime Minister.

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6. DHSS would like to resolve this before the Recess. I asked Mr France to try to avoid leaving matters until the last week. Perhaps Mr Roberts could in due course sound out the DHSS and DE Private Offices.



J B UNWIN

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

You may wish to be aware of the Secretary of State for Employment's minute of 19 May to the Prime Minister in which he says, among other things, that he is developing proposals to bring together all responsibility for payments, help and fraud work for unemployed people into his Department. I would not want you to let DHSS know that this work is afoot (though they may already be aware) but the MPO machinery of Government people may wish to know what is being developed.

N.L. Wicks

21 May 1986

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