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Prime Minister

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Rt Hon Leon Brittan QC MP  
Chief Secretary  
Treasury  
Great George Street  
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3 August 1982

MT

D. Leon.

RAYNER SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

You and other colleagues confirmed in answer to my letter of 21 July that you agreed that we should go for a quick announcement of our broad endorsement of the Manpower Services Commission's response to the Report, provided that it offered us the great bulk of the savings recommended in the Report.

The Commission considered the report on Tuesday and came to decisions very much on the lines foreshadowed in my letter. I therefore gave the attached written answer in the House last week.

As you will see, in that answer, I have taken account of the points raised by you and by the Secretaries of State for Scotland and Wales about the undesirability of giving any guarantee about immunity from future reviews and the need to make clear that in the review of local offices full account will be taken of the particular problems of rural areas and that local interests will be consulted.

Michael Heseltine also wrote to me to express concern about the proposal that in reducing the number of area offices from 14 to 9 to put the Commission's Employment Service Division on the same organisational basis as the other operating divisions of the Commission and most other Government departments with a regional network, a separate area office for Merseyside would be lost. The answer I have given does not cover that point specifically, and therefore we are not irrevocably committed on this point one way or another. However, as I understand it, the Commission's position is that they will be seeking to reduce the number of areas from 14 to 9 as recommended in the report, provided that satisfactory arrangements can be made to reflect the special needs of particular labour markets such as Merseyside. We may have to look at this further



in due course but I must say that in my view all the logic points in favour of re-organising the management of the Employment Service in the way proposed. We are in any case not talking about the withdrawal of front-line services on Merseyside but rather the pruning of a management tier at two removes from the Jobcentres themselves, which is clearly, on the basis of the scrutiny report's findings, too luxuriant a growth to be afforded in current circumstances.

I am sending copies of this letter to the recipients of my letter of 21 July and to Michael Heseltine.

*J. Norman*

DEPARTMENT OF EMPLOYMENT

WRITTEN REPLY

THURSDAY 29 JULY 1982

100

MR ROBERT BANKS (Harrogate): To ask the Secretary of State for Employment, when he expects to formulate recommendations arising from the Rayner Report with regard to the operation of jobcentres; and if he will make a statement.

MR NORMAN TEBBIT:

The report, as part of Sir Derek Rayner's programme of scrutinies, on the General Employment Service was presented to the Chairman of the Manpower Services Commission and published at the beginning of June. The Commission have now considered its recommendations in the light of comments received and have reported their conclusions to me.

The Commission welcome the report's general endorsement of the role of the public employment service, and accept the broad approach of its recommendations for improving the efficiency and economy of the service. These include a reduction in the number of managerial and support staff above Jobcentre level, savings on the present Jobcentre network and the future modernisation programme, some re-grading of Jobcentre work, and some reduction in front line staff.

The Commission propose now to put in hand more detailed reviews of various matters identified in the report to provide a firm basis for future action. These include a review of the viability and cost effectiveness of a number of local offices, with due regard to the

effect of individual closures on local communities. The Commission have also indicated their willingness to co-operate in the recommended review of the present division of responsibility for young people between the employment service and the careers service.

The Government approve the general line of the Commission's response, which indicates potential savings by 1 April 1984 of some £10 million a year (nearly 8% of current expenditure) and some 600 staff (including some 200 already planned). They welcome the proposed review of the local office network, subject to full account being taken in consultation with local interests of the need to maintain adequate geographical coverage and the particular problems of rural areas.

The Government will give further consideration to the proposal for a review of the respective responsibilities for young people of the employment service and the careers service.



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28/7

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Caxton House  
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London SW1H 9NA

27 July 1982

*R. M.*

RAYNER SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

Thank you for your letter of 21 July with its welcome news that the bulk of the savings from this scrutiny can be achieved by 1984.

I share your view that an announcement of the acceptance in substance of the recommendations in this report with expected savings of 600 staff and £10-11 million should be made quickly. This letter confirms our agreement to the general line you propose.

Your letter mentions the provisos the Commission are seeking to attach to their agreement to implement the recommendations. We can accept the first proviso that the 220 savings which MSC was intending to find by reducing services to the disabled should be subsumed within the 600 savings to be achieved by the implementation of this scrutiny. This will, of course, have the effect of reducing the level of additional financial savings and we have noted that.

On the second proviso, I do not think that it would be right for me to agree now that the Service should be free from major investigations for the next two years, although I think it highly unlikely that we should want to carry out another scrutiny in that time. This is because there are a number of areas where Treasury are or may wish to become involved with aspects of the work of the Service. In particular there is the comprehensive work measurement exercise which will form the basis for revised complementing in the jobcentres; and also, in the light of Derek Rayner's observations on management tiers, the question of the role of the District Office network. I see no reason why this should cause the Commission any major difficulty.

I am copying this letter to the recipients of yours.

*Yours  
L*  
LEON BRITTAN

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MR FLESHER

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circulated  
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SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

Mr Tebbitt's letter of 21 July to the Chief Secretary proposes that although the scrutiny report "does not necessarily get right to the heart of all the issues involved... I think that we should aim broadly to achieve the savings recommended, without prejudice to further changes at a later stage".

2. Sir Derek Rayner agrees with that proposal. But he is concerned about the likely proviso from the Manpower Services Commission that "the General Employment Service should not be subjected to any further major external investigation of this kind for at least the next two years" which is wrong in fact and in principle. The scrutiny is not an external review. All scrutinies are conducted for the Minister concerned at his nomination. This scrutiny was suggested by Mr Prior when Secretary of State for Employment in September 1981. Although there are no plans for a further large review in the immediate future it seems unnecessary to declare a close season.

3. I attach a possible Private Office reply.

4. For your background information you might also like to have the attached list of efficiency work undertaken by the MSC in association with Sir Derek Rayner. On the whole the results have been quite good but it seems unlikely that all the good possibilities have been exhausted.

I  
B

IAN B BEESLEY

27 July 1982

DRAFT PRIVATE SECRETARY LETTER TO THE DEPARTMENT  
OF EMPLOYMENT

SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

The Prime Minister is content for the Secretary of State to announce the Government's general endorsement of the recommendations in Mr Winkett's report without prejudice to further changes at later stages should experience suggest that would be desirable. She is also keen that the further studies recommended should be moved forward with despatch.

2. The Prime Minister does not think the case is made, however, for declaring a close season of two years on further large reviews in this area. Whilst there are no plans at present for such work she does not feel that any organisation employing over 13,000 people should be automatically exempt. She expects the MSC to continue to play an active part in the scrutiny programme and the Government's other efficiency work, and points out that the scrutinies are not external investigations as the Commission appears to believe.

3. I am copying this to recipients of Mr Tebbitt's letter.

MSC EFFICIENCY WORK IN ASSOCIATION WITH SIR DEREK RAYNER

Review of Skill Centre Network (1979)

Review of TOPS Allowances (1979)

Organisation of Training Services Division (1980)

Special Programmes Division Operating Procedures (1981)

Field Organisation for the Training and Special Programmes  
Division (1981)

General Employment Service (1981)

Review of Personnel Work (1982) underway.



28 JUL 1982



CONDICION

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Secretary of State for Industry

27 July 1982

Rt Hon Norman Tebbit MP  
Secretary of State for Employment  
Caxton House  
Tothill Street  
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JK JV

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W  
2/11

Norman Tebbit

RAYNER SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

Thank you for sending me a copy of your letter of 21 July to Leon Brittan. I am content with what you propose.

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

Yours  
Patel

22 JUL 1962

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SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

*Sarkis* *cc JV*

*IF*  
*26/7*

MANAGEMENT - IN CONFIDENCE

The Rt Hon Norman Tebbit MP  
Secretary of State  
Department of Employment  
Caxton House  
Tothill Street  
LONDON  
SW1H 9NF

26 July 1982

*Dear Norman,*

RAYNER SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

Thank you for copying to me your letter of 21 July to Leon Brittan; I have also seen a copy of your letter of the same date to Nicholas Edwards on this subject. *(will req if required)*

I am content with the action you propose to take in response to the report. In particular, the recommendation that there should be a further review of certain local offices is sensitive and requires to be handled carefully. I agree with you that we should make clear publicly that any review of local offices would need to take full account of the requirement to maintain adequate geographical coverage and to have full regard to the particular problems of rural areas, especially in Scotland and Wales. I also consider that it would be helpful if some public assurance could be given that there will be adequate opportunity for local interests to make their views known before decisions are taken on individual offices since I have received a number of representations on this particular aspect, as no doubt have you yourself.

I note that you propose that we should give separate consideration to the recommended review of the division of responsibility with the Careers Service for young people. While I accept that there may be a case for such a review in principle, the introduction of the Youth Training Scheme does raise particular problems of timing and this will require very careful consideration.

I was particularly interested in the Report's proposals for rationalising the management structure of the Employment Service Division (which I feel would be of particular benefit to Scotland) and by its foreshadowing of the possible integration of MSC services at regional level; and I hope these proposals will commend themselves to the Commission.

As you know, David Young wrote to me last month inviting my comments on the Report. I have delayed replying until we were able to consider collectively our response to the Report as a whole and I would now propose simply sending a brief acknowledgement of his letter, once you have made your announcement. I will ask him to ensure that I am consulted before final decisions are taken on local offices in Scotland.

I am sending copies of this letter to the Prime Minister, the Chief Secretary, the Secretaries of State for Education and Science, Wales and Industry, Sir Derek Rayner, Mr John Sparrow and Sir Robert Armstrong.

Yours well,

George.

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26 JUL 1982



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Rt Hon Leon Brittan QC MP  
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*cc DV*  
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Pine Murchie

*Carbest with  
Mr Tebbots head  
approach?*

21 July 1982

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JF  
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*D Leon.*

RAYNER SCRUTINY OF THE GENERAL EMPLOYMENT SERVICE

The report of the team appointed as part of Sir Derek Rayner's programme of scrutinies to review the Manpower Services Commission's Employment Service was presented to the Chairman of the Commission and published at the beginning of June. The Commission have already had a first discussion of it and will be considering it further, in the light of comments received, at their meeting on 27 July and reporting their conclusions to me. I think we should announce our decisions very rapidly thereafter to minimise uncertainty.

The report generally endorses the role of the employment service, but makes a number of recommendations for improvements in efficiency and other economies which would save £10-11m a year (nearly 8% of current costs) and some 600 staff. The bulk of this could be achieved by 1984. The main items are a reduction in the number of managerial and support staff above Jobcentre level, savings on the present Jobcentre network and the future modernisation programme, the downgrading of a good deal of Jobcentre work, and a further reduction (additional to planned cuts) of some 240 in Jobcentre staff, reducing the level of service to what the team regard as adequate and desirable. The report identifies a number of matters requiring further review, including the viability and cost effectiveness of a number of smaller local offices, and of the present division of responsibility for young people between the Employment Service and the Careers Service.

The report does not necessarily get right to the heart of all the issues involved - a view which I know Derek Rayner shares - but I think that we should aim broadly to achieve the savings recommended, without prejudice to further changes at a later stage, for example when we have practical experience of the effect of the abolition from this October of compulsory registration at Jobcentres as a condition for the receipt of unemployment benefit.



I also think that the various further reviews recommended should be put in hand, with due regard to the position of local offices in rural areas, particularly in Scotland and Wales. I will, however, be giving separate consideration, with my colleagues concerned, to the proposed review of the division of responsibility with the Careers Service for young people, which is primarily a matter for the Government rather than the Commission.

There is reason to think that the Commission will adopt an approach substantially on these lines at their meeting on 27 July, if only by a majority vote (with the TUC Commissioners likely to dissent). There are likely to be two provisos. The first is that up to 220 of the staff savings from this review should count towards the MSC's present commitments towards the 630,000 target. This seems reasonable since the Rayner recommendations include economies in the general employment service which the MSC would have been making in any case to replace the saving of 220 staff on services for the disabled proposed last year, which it is now clear they cannot achieve consistently with our declared commitment to maintain the level of services to the disabled. The second likely proviso is that the general employment service should not be subjected to any further major external investigation of this kind for at least the next two years (when they will be carrying through the more specific reviews recommended in the report). This would, of course, be without prejudice to any further general economies, and also seems reasonable.

On the assumption that the Commission do adopt such an approach on 27 July, I propose that I should announce the Government's general endorsement of that response either by means of a Written Answer before the House rises, if that seems politically reasonable, or as soon as possible thereafter.

I should be glad to know, if possible by midday on 26 July, whether you and the colleagues to whom I am copying this letter agree with this line.

I am copying this letter to the Prime Minister, the Secretaries of State for Education and Science, Scotland, Wales and Industry, Sir Derek Rayner, Mr John Sparrow and Sir Robert Armstrong.

*J. A.*  
*Norman*





21 JUN 1962

