CABINET

PENSIONS AND NATIONAL ASSISTANCE

MEMORANDUM BY THE LORD CHANCELLOR

On 10th May, 1960, the Cabinet asked the Social Services Committee to consider what form the next increase in retirement pensions should take, when it should take place, and the amount of the increase (C.C. (60) 30th Conclusions, Minute 5). The Committee have held several meetings to discuss the somewhat complex issues involved and their conclusions are as follows:

(a) The next pensions increase should take the customary form of an all-round increase in benefits; it should not provide for extra benefits for older pensioners.

(b) The increase should take effect from the date of operation of the new graduated pensions scheme in April 1961; and for this purpose legislation should be introduced immediately the new Session opens.

(c) The increase should be 7s. 6d. on the present 50s. rate (single) and 12s. 6d. on the 80s. rate (married).

2. The Minister of Pensions has taken informal and confidential soundings of the Chairman of the National Assistance Board from which it appears that the Board would in all probability be content with recommending an increase of 3s. (single) and 5s. (married) in national assistance scale rates to take effect at the same time as the national insurance increase. The Committee consider that such a recommendation, if made, should be accepted.

3. The Chancellor of the Exchequer agrees with the Committee's conclusions on both national insurance and national assistance. He wishes it to be noted, however, that he intends very shortly to bring proposals before the Cabinet for an increase of 1s. in the national health element in the stamp to take effect at the same time as the pensions and national assistance increases. This increase would bring the minimum combined insurance and health contributions above the present level in April 1961—at a time when the present expectation is that the contribution of the lowest paid workers will be reduced. On the other hand, it would of course bring relief to the Exchequer. But we do not consider that this proposal need affect a decision to make the increases in national insurance and national assistance proposed in paragraphs 1 and 2 above.

4. We recommend accordingly.

K.

House of Lords, S.W. 1,
7th October, 1960.