

C. (65) 176

COPY NO. 669th December, 1965CABINET  
-----PROPOSALS FOR RESHAPING NATIONAL ASSISTANCEMemorandum by the Minister of Pensions and National Insurance

At their meeting on 29th July (C. C. (65) 43rd Conclusions, Minute 3) the Cabinet agreed that, following the deferment of Income Guarantee, I should prepare for consideration by the Social Services Committee a scheme for remodelling National Assistance so as to incorporate in it as many features as possible of the Guarantee.

2. It is abundantly clear from the allocation made to my Department that for the next few years we shall be precluded from making any large scale advances in social security generally. This strengthens my conviction that if we are concerned about social priorities we must devise some means within the stringency of funds allocated to improve the lot of the most deprived of our people - those in receipt of National Assistance and those who could have it but for one reason or another will not apply for it. I have now worked out proposals which I believe will go a long way to make supplementary payments more attractive and more acceptable. They have the great merit of enabling us to curtail the detailed enquiries which are so widely resented by people in need and they remove many of the other less desirable features of National Assistance which led us to think of an Income Guarantee in the first place. Indeed the scheme contains most of the features of our earlier proposals for an Income Guarantee. Subject to bringing the proposals within the public expenditure allocated to me, they have been approved in principle by the Social Services Committee who considered my memorandum S. S. (65) 31 on 17th November (S. S. (65) 17th Meeting, Minute 2) which explained my proposals in detail.

3. The main features of my scheme are as follows:-

- (a) the re-naming of national assistance;
- (b) the transfer to the Minister from the (renamed) National Assistance Board of the power to initiate changes in the National Assistance regulations. I am pursuing separately more fundamental changes in the organisation of the Ministry of Pensions and National Insurance and the National Assistance Board within a Ministry of Social Security;
- (c) the provision for people over pension age and other long-term cases of a standard allowance of 7s. 6d. a week in partial substitution for small discretionary additions;



- (d) the replacement of the existing variable rent allowance for non-householders by a standard rent allowance of 10s. a week;
- (e) the rationalisation and modernisation of disregards;
- (f) combined order books for retirement pensions and non-contributory benefits as soon as practicable;
- (g) an option for claimants over pension age to be interviewed at home or to submit a written statement, to be followed by an interview which could be at a departmental office;
- (h) the renewal of claims for elderly and other long-term cases covered by (b) to be put on an annual basis, with small interim changes of circumstances ignored;
- (i) new arrangements for following-up pensioners who do not claim non-contributory benefit and do not indicate they do not want it.

For reasons mentioned later, I am convinced that these proposals should be brought into effect as soon as possible, which would be, for the most part, in the autumn of 1966, when I expect that a normal increase in National Assistance scale rates will be necessary. A Bill would be necessary to give effect to the proposals at (a), (b), (c) and (f) above. A place has been reserved in the legislative programme for a Ministry of Social Security Bill.

4. There are also particular reasons why a decision is urgent. In the early months of the New Year we must publish the results of the recent survey of retirement pensioners, which confirms that there are many pensioners eligible for Assistance but not receiving it. We must also face a fresh Private Member's Bill designed to provide retirement pensions for people at present ineligible for them. In order to settle how these issues should be handled in Parliament, we must know within the next few weeks what more we are prepared to do to make National Assistance more acceptable to the minority of old people who, though eligible, do not claim it. My colleagues will remember how heavily we relied on what we thought at the time to be the early prospect of Income Guarantee in dealing with Mr. Airey Neave's Bill last Session.

5. In my basic programme some provision has already been made for a measure of success in the current publicity campaign to combat reluctance to apply for National Assistance. After allowing for this provision, the additional cost of my present proposals is unlikely to exceed £32 million in the first full year or to reach £40 million thereafter. On the basis of decisions so far taken, I still have £18 million in hand from my allocation of public expenditure for 1969-70. The extra cost of my present proposals in that year is estimated at £38 million. I am thus left with the problem of finding savings in my basic programme to the tune of some £20 million in 1969-70. I understand that the Chancellor of the Exchequer accepts that, with such savings, the extra cost could be accommodated within my public expenditure limits for the intervening years as well.

6. I regard the need to modernise and improve National Assistance as so urgent and so important that I would be prepared to achieve such a saving. As a matter of social priorities, I think it would be



justifiable to achieve it by increasing benefits generally on the next occasion - in 1967 - by somewhat less than would be strictly correct if we were fully reflecting the rise in earnings since the last general increase. (Since the extra cost of my Assistance proposals would be a permanent addition, the amount withheld in 1967 could not be restored later.) It is, of course, impossible to predict with complete accuracy what that rise would turn out to be and hence the increase in rates which we could afford to give and still save some £20 million in 1969-70. I can, however, give my colleagues a broad indication.

7. The best guess we can make suggests that by mid-1967 a strict and complete reflection of the rise in earnings, in money terms, would justify an increase of some 12s. a week in the standard rate of national insurance pension for a single person, with corresponding increases in other rates. If instead of giving the full increase we gave 1s. less (or the equivalent) all round, including Assistance and War Pensions, this would save about £25 million in 1969-70. Since the increases in the main rates of benefit would have to be rounded off at least to the nearest 6d., the adjustment is in practice unlikely to turn out exactly at 1s. a week and might need to be a little higher in order to ensure a sufficiently large total saving.

8. I ask the Cabinet -

- (1) to endorse my proposals for remodelling Assistance with effect, generally speaking, from next autumn; and
- (2) to agree that, to the extent necessary to accommodate their cost within my programme limit for 1969-70, the amount of the general benefit increase in 1967 should be somewhat less than would be justified by an exact and complete reflection of the rise in earnings since the last general increase.

M. H.

Ministry of Pensions and National Insurance, W.C.2.

9th December, 1965





