

C(67) 135

COPY NO. 6517th July, 1967CABINETFAMILY ENDOWMENTNote by the Minister without Portfolio

At their meeting on 13th July, 1967 (CC(67) 48th Conclusions, Minute 3), the Cabinet invited me, in consultation with the Ministers principally concerned, to prepare a draft statement on family endowment, presenting an increase of family allowances on the lines suggested by the Chancellor of the Exchequer in paragraphs 13 and 14 of his memorandum C(67) 128, in conjunction with some extension of the present arrangements for the remission of charges for school meals and welfare milk, and including, for consideration, a reference to further study of a housing allowance.

2. The attached draft statement has been prepared accordingly. It assumes policy decisions on the following points, on which there was general agreement among the Ministers concerned:-

- (a) That family allowances should be increased from the end of October by 5s. a week for fourth and subsequent children of families.
- (b) That the improvement in family allowances from April, 1968, subsuming as it would the increase made in October, should take the form of a uniform increase for each child, and should not, for example, vary with the age of the child and the size of the family, or take the form of an increase in the upper age limit of entitlement.
- (c) That the charge for school meals should be increased from next April from 1s. to 1s. 6d., and the price of welfare milk should be increased from 4d. to 6d. a pint; that the remission arrangements for school meals should be extended to all fourth and subsequent dependent children; and that the arrangements for free welfare milk tokens should be extended to all third and subsequent children (an expectant mother counting as a child for this purpose).
- (d) That specific reference should be made to help for the educationally "deprived areas", referred to in the memorandum of the Secretary of State for Education (C(67) 9).

- (e) That reference should be made to further study of the housing allowance type of scheme.

3. In respect of the increase in family allowances from April, 1968, three alternative increases in rates are given in the statement - 5s., 7s., and 10s. While there was some support among the Ministers concerned for increases of 5s. and 10s., the preponderating view favoured an increase of 7s.

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17th July, 1967

DRAFT STATEMENT ON FAMILY ENDOWMENT

The problem of family poverty is complex and there is no simple or single solution to it; nor can poverty be removed overnight. Our attack on it must therefore have many aspects and include long-term as well as short-term plans. Our intentions are as follows:

2. First, we intend to increase by 5s. the family allowance for fourth and subsequent children at the same time as we put up National Insurance and Supplementary Benefits at the end of October this year at a cost of about £10 million net in a full year. It is the largest families that are most in need. There are more than 1 million fourth and subsequent children in 609,000 families.

3. In April, 1968, we will increase the family allowance for second and third children (there are more than $4\frac{1}{2}$ million) by 5s., 7s., 10s.. The cost, net of tax and other adjustments, will in a full year be about £62 million, £87 million, £121 million, including the interim increase I have mentioned.

4. Such a sum could be raised in a number of ways. But it must be left to my rt. hon. Friend the Chancellor of the Exchequer to propose, at the right time and in the light of all the relevant circumstances, the method or methods by which the necessary revenue could be raised. Clearly an examination of income tax child allowances with a view to raising some part of the money needed would seem logical in this context.

5. We are much concerned that those entitled to school meals and welfare milk free or at reduced prices often do not take up their entitlement. We shall organise publicity campaigns to see that people are quite clear what they can get and that they get it. We are reviewing the arrangements so as to make it easy for them to exercise their rights without embarrassment. We shall improve our provision for large families by extending free school meals to the fourth and subsequent children in a family, and free welfare milk to the third and subsequent children under five (an expectant mother counting for this purpose as a child under five). This will be in both cases regardless of income, and will take effect by next April. For those who do not qualify for meals or welfare milk free or at reduced prices, we feel bound to increase the charge for both. The present prices were fixed in 1957 and the cost has since greatly increased. Continuation of the present level of charge

involves a claim on our resources that can no longer be justified. We intend next April therefore to increase the price of school meals by 6d. and of welfare milk by 2d. a pint. There would still be a substantial element of subsidy in these prices.

6. We recognise that the measures we propose cannot alone solve the complex problem of family poverty. Some of the factors which cause hardship vary widely between one family and another with similar incomes. The most urgent needs are to tackle the cost of housing and the poverty of the environment in which some children grow up.

7. Rents and rates can bear hardly and very variably on families of modest means. Our rate rebate scheme and extension of local rent rebate schemes, which apply to the person as distinct from the house, are of great and increasing help to the needy, but this is a continuing problem and we are investigating further ways of extending help of this kind to people in private as well as in council houses. We shall open discussions with local authorities and other representative bodies and hope to bring forward further proposals as soon as possible.

8. But we must also be concerned with the physical environment, the geographical black spots of poverty and deprivation. The relief of poverty is not solely a matter of cash benefits to individuals; it is also a matter of social capital. It was this which the Plowden Report had in mind when it spoke of educational priority areas. The Government propose to make available a school building allocation of £8 million a year for these areas, on top of the existing building programmes.]

9. In the context of these plans we put forward our proposal for immediate increases in family allowances.

