



(c) crown copyright

THIS DOCUMENT IS THE PROPERTY OF HIS BRITANNIC MAJESTY'S GOVERNMENT.

SECRET.

Copy No. 8

C.F.211(31)

C A B I N E T.

UNEMPLOYMENT INSURANCE.

PROVISION FOR INSURED PERSONS NOT ENTITLED
TO ORDINARY BENEFIT.

Memorandum by the Ministers of Health and Labour.

The May Committee recommended that persons not entitled to Ordinary Benefit should be referred to the Public Assistance Authorities under an arrangement by which the Public Assistance Authorities would be financially responsible for giving such assistance as was needed, with the aid of grants from the Unemployment Fund on a graduated scale designed especially to relieve the charge on those authorities already heavily burdened. They said that -

"Government Departments have not the machinery for inquiring into personal circumstances and to set up special machinery for this purpose would be a wasteful duplication of the reconstructed machinery now operating under the County and County Borough Councils as Public Assistance Authorities".

We believe that the May Committee's recommendation is sound and ought to be adopted. Not only would it save a much larger sum of money than could be saved by any other method; but what is equally important it would secure that each case was dealt with by a body competent to have due regard both to the local and personal circumstances of each case and removed from political pressure.

We are of opinion that by far the best solution of the problem would be to adopt the recommendation of the May Committee, but if that course should be decided to be politically impracticable, there are two possible alternatives.

Either the Ministry of Labour must be entirely responsible for the relief, or some method must be devised by which the machinery of the Public Assistance Committee may be used for investigation and assessment leaving the applications and the actual payments in the hands of the Ministry.

With regard to the first of these methods, we agree with the above quotation from the May Committee's Report as to the wasteful duplication of the reconstructed Public Assistance machinery which would be involved if the Ministry of Labour had to set up a nation-wide machinery to consider individual needs. Moreover, the machinery would take some time to instal, and it would involve a considerable increase in the staff and establishment expenses of the Ministry. The Ministry would also have to acquire the difficult technique of assessing the requirements of individual cases, which the Public Assistance Authorities already have by virtue of generations of experience.

Another important point is that if the Ministry of Labour were to set up such machinery, the Minister of Labour would have to answer in Parliament for its actions and would have to deal with a vast correspondence from Members of Parliament (including Members of the Government) containing complaints as to the amount of the allowance in individual cases, and regarding individual refusals of an allowance. This would be a perpetual difficulty, and an intolerable source of embarrassment and irritation to the Government of the day. Moreover, this proposal has the very serious disadvantage that it perpetuates the confusion between true insurance and relief which has been the source of so much difficulty in the past. Lastly, after all the trouble and indeed partly because

of it, the saving would be relatively small, say £5 millions. We cannot recommend this method, and accordingly proceed to the second alternative.

This method contemplates a procedure under which, while applications would be made to and payments made by the Employment Exchanges, the fullest possible use would be made of the machinery of the Public Assistance Authorities for the assessment of need and the final determination of the amounts that should be paid.

It is clear that under this arrangement the whole cost of relief would have to be borne by the Exchequer and that the local authorities could not be asked to contribute, as contemplated by the May Committee. This arrangement is likely to be the subject of strong criticism on the ground that the assessment of the payments is not under the control of the body finding the money.

The answer to it might be in three parts:-

- (a) The majority of the authorities will carry out the assessments with as much care as they give to their public assistance work, but in some areas it will not be so:
- (b) The local officials of the Ministry of Labour will be in close touch with the cases and will be able to draw attention of the authorities to cases in which they have clearly gone astray. Further, the inspectorate of the Ministry of Health will be available to reinforce these efforts as necessary:

(c) Payments will only be made to persons who satisfy the conditions for what is now called "Transitional Benefit"; and in no case will the amount paid exceed the applicant's rate of ordinary benefit, (including dependants' allowances). If assistance in excess of this amount is required, the difference will fall on the Public Assistance Authority as at present.

Nevertheless, some further control over assessments may well be necessary and it is suggested that this might be found by the introduction of regulations following existing practice. It is desirable that some other term than Transitional Benefit or Public Assistance should be applied to the payments.

It is not practicable to give any precise estimate of the saving which would be effected, but it may well be of the order of £10,000,000.

In some instances the investigating machinery of the Public Assistance Authorities would have to be augmented, but in the majority of areas the task would be simple. It might be found necessary that the Ministry of Labour should make a grant in respect of the additional expense which the authorities incur to do this work.

Failing therefore the plan of the May Committee, we recommend the Cabinet to decide that the Unemployment Insurance Acts be amended forthwith so that the amounts payable by the Ministry of Labour to insured persons not entitled to ordinary benefit shall be assessed and finally determined by the Public Assistance Authorities acting for this purpose as agents of the Ministry of Labour; and that negotiations with the associations of authorities be opened at once to secure their co-operation.

(Signed) NEVILLE CHAMBERLAIN.
H. B. BETTERTON.

28th August, 1931.