UNEMPLOYMENT INSURANCE POLICY COMMITTEE.

REPORT.

1. At their Meeting on the 10th April, 1933 (Cabinet 26 (33)), the Cabinet had before them the Third Report of the Cabinet Committee on Unemployment Insurance (Paper C.P. 89 (33)) and a Memorandum by the Minister of Labour (Paper C.P. 90 (33)), and agreed that a Cabinet Committee composed as follows:

- The Chancellor of the Exchequer (In the Chair)
- The Secretary of State for Home Affairs
- The Secretary of State for Dominion Affairs
- The Secretary of State for Scotland
- The Minister of Health
- The Minister of Agriculture and Fisheries
- The Minister of Labour
- The First Commissioner of Works

should re-examine the scheme submitted to the Cabinet in C.P. 89 (33), in the light of the Cabinet discussion, with a view to reaching an agreed scheme. The Committee should also report as to which Ministry or Ministries the responsibility for carrying out the scheme should be allotted.

2. The comprehensive scheme prepared by the previous Cabinet Committee covered both the industrial unemployed and all other persons who need relief from causes other than unemployment; the alternative proposals of the Minister of Labour, a summary of which is appended to his Memorandum (C.P. 90 (33)) were restricted to the industrial unemployed, no change being contemplated in the arrangements at present in force with regard to other persons in need of assistance, e.g. the aged, the sick and disabled, widows and others.

We have carefully reviewed these schemes and we have also examined variants of them, and we are now in a position to
report to the Cabinet that we have reached agreement upon a scheme suggested by the Minister of Labour which is based on the main principles of the original scheme, but is more restricted in its scope. The Secretary of State for Scotland has agreed that the scheme should apply to Scotland and that there should be only one Unemployment Assistance Board for the whole of the United Kingdom. It will therefore not be necessary to introduce a separate Scottish Bill as would have been the case if we had recommended the acceptance of the more comprehensive scheme in C.P. 89 (33).

3. While the views of the Minister of Health in regard to the scheme now favoured by the Committee remain unchanged, he is prepared to co-operate in endeavouring to make the scheme a workable one. He wishes, however, to reserve the question of principle, and he will submit to the Cabinet in due course his reasons for thinking that the scheme is open to certain grave administrative objections.

4. We attach (Appendix) a brief summary of the principal features of the scheme which we have agreed to recommend the Cabinet to adopt. We do not think that it is necessary to trouble the Cabinet at this stage with the details of this scheme. If the Cabinet are willing to proceed on the lines now proposed, we suggest that the Minister of Labour, who will be the responsible Minister under the scheme, should be authorised to arrange for the preparation of an Unemployment Bill dealing both with unemployment insurance and unemployment assistance for consideration by the Home Affairs Committee and the Cabinet towards the end of the Parliamentary Recess.

5. We understand that it is proposed to take the Second Reading of the Unemployment Bill early in December immediately after the conclusion of the Debate on the Address at the Opening of the new Session. We attach great
importance to as much progress as possible being made with the Bill before Christmas, 1933, and in any event it is imperative that the text of the Bill should be published as early in the new Session as practicable.

6. It is estimated that at least six months should elapse between the passage of the Bill into law and its being brought into operation in order to give time for the necessary arrangements, including such matters as the preparation of Rules and Regulations and their approval by Parliament. It is highly desirable that the new Act should come into operation as from 30th June, 1933, the date on which the Unemployment Insurance (Expiring Enactments) Act expires. If, however, this proves impossible, the present arrangements will have to be again temporarily extended.

7. Before the Bill can be introduced, negotiations with the Local Authorities must take place, and in the course of these negotiations it will be necessary to disclose to the Authorities, the general nature of the scheme, and in particular the details of its financial implications. It is impossible to ensure that leakage of information with regard to the scheme will not take place, and there may be some complaints that the scheme has been discussed with the Authorities before its submission to Parliament. The Minister of Labour is, however, strongly of opinion that no White Paper or other authoritative statement in regard to the Scheme should be issued until the Bill, which embodies the results of the discussions with the Local Authorities, is ready for introduction.

8. We recommend to the Cabinet :-

(1) That approval in principle should be given to the Unemployment Assistance Scheme, the principal features of which are summarised in the Appendix to this Report.
(2) That the Minister of Labour should be authorised to arrange for the preparation of an Unemployment Bill based on the approved scheme, but also covering the subject of unemployment insurance, for consideration by the Home Affairs Committee and the Cabinet, towards the end of the Parliamentary Recess.

(3) That on the assumption that it will not be possible to introduce the Bill before the commencement of the new Parliamentary Session in the Autumn, every effort should be made to secure that as much progress as possible will be made with the Bill before the Christmas Recess, 1933, and that, in any event, the text of the Bill should be published as early in the new Session as practicable.

(4) That the aim should be to bring the new Unemployment Act into operation as from the 30th June, 1935, the date on which the Unemployment Insurance Act expires.

(5) That notwithstanding that negotiations with Local Authorities must take place before the Bill is actually introduced, no White Paper or other authoritative statement with regard to the proposals to be embodied in the Bill should be published until the Bill itself is ready for introduction.

Signed on behalf of the Committee

NEVILLE CHAMBERLAIN.

Chairman.

Whitehall Gardens, S.W.1.

21st July, 1933.
APPENDIX.

MAIN PRINCIPLES OF THE UNEMPLOYMENT ASSISTANCE SCHEME RECOMMENDED BY THE CABINET COMMITTEE.

1. The persons to whom the scheme will apply will be those with a normal occupation of employment in respect of which contributions would be payable under the Widows, Orphans and Old Age Contributory Pensions Acts 1925-1929, together with young people who have not been employed since attaining the age of 16. The Board will be responsible (save as stated below) for all relief required while an able-bodied person within the agreed scope is unemployed, e.g. supplementation of unemployment benefit, if required, will be given by the Board. Thus the scheme takes all the able-bodied unemployed covered by this definition out of the Poor Law and out of the administration by Local Authorities, but leaves untouched the Public Assistance machinery established in 1929 for dealing with the poor who need relief from causes other than unemployment.

It is proposed that cases of sickness etc., will normally be relieved by the Local Authority. Cases of sickness in a family where the head of the household remains on the register of the Board will be relieved by the Board. Odd days of sickness will not operate to remove a man from the register of the Board.

It is further proposed that persons unemployed by reason of a Trade Dispute shall fall out of the scope of the Board, and that their families shall, as now, continue to be assisted by Local Authorities.
There are certain cases where the appropriate treatment is an order for relief in a Local Authority institution. In such cases it is proposed that the Board shall remain responsible for the institutional costs for a period. It will be open to the Appeal Tribunal (see paragraph 6) to transfer such a case to the financial responsibility of the Local Authority.

2. The Minister of Labour will be responsible to Parliament for the general policy of the scheme, the funds for which will be provided on Estimates. He will be responsible for submitting to Parliament the Rules regarding the assessment of need and the circumstances in which Unemployment Assistance may be given where this is not governed by provisions contained in the Statute, and the Regulations proposed by the Board for dealing with such matters as the manner in which application for Unemployment Assistance is to be made, the review of decisions, etc. These Rules and Regulations will be laid before Parliament as soon as practicable after they are made, and may be annulled after the presentation of an Address. The Minister will be prohibited by Statute from interference in individual cases.

3. There will be a single Unemployment Assistance Board for England and Wales and Scotland. The Board will consist of a Chairman and not less than two, nor more than five members. Its main duties will be the promotion, under the control of the Minister and of Parliament, of the welfare of the able-bodied unemployed and the giving of decisions on applications for Unemployment Assistance. The Board will have a permanent staff of officers, and may also,
where necessary, employ as agents the officers of Local Authorities.

In the course of its duty of promoting the welfare of the able-bodied unemployed the Board will be responsible for making arrangements for the training and reconditioning of persons under the Board in collaboration, where desirable, with the Minister, the Local Authorities and other bodies.

4. All applications for Unemployment Assistance will stand referred for decision to such local officers of the Board as may be prescribed in Regulations. These officers (in pursuance of the provisions of the Statute and of Rules and of such instructions as the Board may give them) will decide all questions regarding the qualifications, the amount and the conditions of Unemployment Assistance in individual cases.

5. Appeals from a decision of an officer of the Board will lie to an Appeal Tribunal. Appeals will be at the instance of an applicant, with the leave of the Chairman of the Tribunal. Leave to appeal will only be given where the applicant shows that a modification of the decision appears to be required because there are special circumstances in his case which are not covered by the specific provisions of a statutory rule. An Appeal Tribunal shall, in deciding a case, be governed by the statutory provisions and rules. The decision of an Appeal Tribunal shall be final.

It is proposed that the Tribunal shall have power to reduce the amount of the determination given by the assistance officer and also to impose conditions which the assistance officer may not have imposed.

An Appeal Tribunal will consist of a Chairman paid by fee appointed by the Minister and two other persons, one to represent workers and the other to represent the Commission.
6. For the purpose of an appeal on scope, (i.e. an appeal by an applicant, or by a Local Authority to whom the applicant has or may become chargeable by reason of the decision, who is dissatisfied with the decision in relation to the first qualification for the receipt of unemployment assistance) the Appeal Tribunal will consist of the Chairman alone. A Local Authority will be entitled to be represented at the hearing of cases in which it is concerned.

7. Under the scheme, certain public assistance services now performed by Local Authorities will be transferred to the Board. Contributions will, therefore, be paid to the Board by Local Authorities. The contribution by Local Authorities will be based on the estimated cost of the transferred services in the standard year (1932-33) subject to variation from year to year as population and unemployment vary, and subject to a deduction representing an increased contribution by the Exchequer which it is contemplated should be applied in relief of the distressed areas. Negotiations with the Local Authorities have not yet been begun, and the financial side of the scheme is therefore not in a final shape. It is hoped, however, to secure the agreement of the Authorities to a method of estimation which can be regarded as reasonable both to themselves and to the Exchequer.