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- (ii) The programme involves very large increases in man-power - 16 per cent for hospitals and 30 per cent for local authorities. There must be considerable doubt whether these numbers will be available, except at the expense of other equally important national objectives.
- (iii) There is an increase of nearly 40 per cent in local authority current expenditure, which is unlikely to be achieved unless heavy pressure from Whitehall is applied to the local authorities.

21. For 1966-67, for which the proposed additional programme, excluding the removal of charges, is £25 million, the Committee recommend a figure of £8 million. This would have to include the cost of a measles vaccination programme (£4 million) if this became practicable during this year.

Benefits and Assistance

22. The basic programme increases from £2,120 million in 1964-65 to £2,860 million in 1969-70, an increase of £740 million or 35 per cent. The proposed additional programme for 1969-70 is £185 million; of which the main elements are the income guarantee (£100 million), wage-related sickness benefit (£30 million), improvements in widows' benefits and family allowances (£45 million), and a contingency allowance for other improvements (£10 million).

23. The basic programme provides for an uprating of benefits and assistance at the same rate as the increase in average earnings. The increase of benefits in April, 1965 was significantly more than would have been required by this formula, and the Minister pointed out that in the previous thirteen years the increase had been slightly more than the formula.

24. The Committee considered first the problem of 1966-67. The issue is one of selection between three projects:-

- (i) uprating of benefits. At the present rate of increase of earnings, there would be a case for an increase of 5s. (£130 million a year) in April, 1966, or of 7s. 6d. (£200 million a year) in October, 1966.
- (ii) wage-related short-term benefits. This would need to cover at least unemployment and sickness benefit. The cheapest proposal is £30 million a year, of which £20 million is included in the basic programme, but there are others under consideration costing up to £55 million. The economic Ministers attach weight to this project as an aid to industrial redeployment.
- (iii) income guarantee. This project is now taking shape in a Committee under the chairmanship of the Chancellor of the Duchy. It is expected that a project could be ready for introduction in October, 1966. The cost is estimated at £100 million a year, assuming a guarantee level of £4 8s. plus rent. The Minister regards this project as a whole, and would be unwilling to plan to introduce it in smaller steps, based e.g. on age.