

PREM 19/2856

Upgrading of Social Security Benefits.

SOCIAL

SERVICES

Part 1: May 1979

Part 4: May 1987

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
7-5-87							
29-6-87							
27-10-87							
18-5-88							
18-6-88							
17-10-88							
26-10-88							
28-10-88							
21-11-88							
22-11-88							
23-11-88							
4-11-88							
19-12-88							
27-1-89							
30-1-89							
2-2-89							
14-2-89							
16-6-89	1PM						
27-6-89							
5-7-89							
12-7-89							
20-7-89							
23-7-89							

PREM 19/2856

PART 4
CLOSED

PART 4. ends:-

P. Gray to PM 29.9.89.

PART 5. begins:-

SS / AOE to SS / Galloway

2.10.89

CF - pe. CE PU

PRIME MINISTER

LOW INCOME HOUSEHOLDS; GRANTS FOR INSULATION

REC 2110

There was correspondence early in the summer about how, if at all, the Department of Energy's special schemes for assisting insulation projects in low income households were to be continued. The problem was how best these could be organised alongside the new streamlined DOE home improvement grant regime. You decided that the new DOE scheme should not make provision for these special Department of Energy arrangements; and that if the Energy Secretary wished to do more to promote energy efficiency amongst low income households he should put forward proposals for a separate scheme under his control.

John Wakeham has now done just that, in his minute attached at Flag A. The snag, as ever, is that from 1991-92 onwards he says he does not have sufficient money in his public expenditure programmes. He therefore seeks the Chief Secretary's agreement to proceeding with the new scheme, via legislation in next session's Environmental Protection Bill, and leaving the money problem to be sorted out in next year's Survey.

Greg Bourne (Flag B) notes that the PES issue will have to be argued out with the Treasury, but suggests that you should note your general approval of this initiative. The only snag I see with this is that, however guarded your welcome, it could be interpreted as supporting John Wakeham's bid for extra money; while on the other hand you may prefer not at this stage to rule out altogether the possibility of extra money. The alternative would therefore be not to comment on the correspondence at this stage until the PES arguments are over or until Norman Lamont responds - there is no need for you to respond as John Wakeham's letter is addressed to Norman Lamont.

- i. Do you want to give a broad welcome at this stage to John Wakeham's initiative?
- or
- ii. Do you prefer to make no comment on the exchanges at this stage? ✓ MS

Paul Gray

29 September 1989

(MS) C. Low

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PRIME MINISTER

29 September 1989

LOW INCOME HOUSEHOLDS: GRANTS FOR INSULATION

In July this year you confirmed that; if the Secretary of State for Energy wished to promote energy efficiency amongst low income households; he should do so under a scheme controlled by his Department. John Wakeham's note to the Chief Secretary gives details of the scheme and discusses the financing.

THE SCHEME

The scheme is aimed at providing grants for insulation in households in the social category DE. There are approximately

- 4.6 million homes with no draught proofing;
- 1.65 million homes that need increased or complete loft insulation;
- 3.6 million homes that need increased or complete water tank insulation.

The cost of providing these measures varies from £10 - £15 for tank insulation, and up to £250 for the most expensive loft insulation. Payback from energy savings will occur in 1 - 6 years. Additional savings will eventually come from reduced social security benefits.

Perhaps the best feature of the scheme is that it will be administered by an agency under contract to D/En. All work will be undertaken by competent private sector firms selected locally by competitive tender.

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CONCLUSION

The new scheme will provide continuity in the Government's commitment to help low income households improve their living environment. Over half of the people assisted will be pensioners living in cold and damp accommodation.

The scheme will also provide further evidence of the Government's commitment to energy efficiency measures in general.

RECOMMENDATION

Your Private Office could note your approval of John Wakeham's welcome initiative. (He will of course have to fight his own PES round battles separately with the Chief Secretary in the normal way.)

A handwritten signature in dark ink, appearing to be 'G. Bourne', with a long horizontal stroke extending to the right.

GREG BOURNE

CONFIDENTIAL

THE RT HON JOHN WAKEHAM MP



Department of Energy
1 Palace Street
London SW1E 5HE
01 238 3290

The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

25 September 1989

Dear Norman

LOW INCOME HOUSEHOLDS : GRANTS FOR INSULATION

Our predecessors corresponded on the provision of financial support for insulation measures in dwellings occupied by those on low incomes. The Prime Minister concluded (recorded in Paul Gray's minute of 25 July) that any further action necessary to promote energy efficiency within this group or to continue Community Insulation Projects should be by means of a separate scheme under the control of the Department of Energy.

I have reviewed the issue carefully and am convinced that without a new initiative we will be perceived as withdrawing Government support in this sensitive area and trying to hand over the problem to local authorities. We will attract criticism from both those concerned with fuel poverty and health issues and those concerned over energy use and the environment. A new scheme of grants for basic insulation measures would both provide a new cornerstone for one of my priority areas for energy efficiency and also offer useful support for a number of other Government programmes. It would, for instance, help reduce the substantial wasted expenditure on energy which at present is ultimately financed through the social security system. I believe that it would be widely welcomed by our supporters.

I therefore wish to introduce as soon as possible such a scheme (about which my officials have been in contact with those in other Departments concerned) along the lines outlined in the Annex to this letter. My intention is that this scheme will cover only draughtproofing, loft insulation and tank insulation, and would both replace the present Energy Grant for draughtproofing and act as a successor to the Homes Insulation Scheme which is due to end in England and Wales at the end of the current year. (I believe that it could be sensible for it also to replace the Homes Insulation Scheme in Scotland, thereby



introducing a unified scheme for Great Britain, and would be prepared to proceed on that basis if Malcolm Rifkind agrees and you and he can agree to transfer of the relevant PES provision). I attach a note on the possible costs and benefits associated with such a scheme.

A new scheme will almost certainly require primary legislation, and I have been in touch with Chris Patten who has agreed to the incorporation of the necessary clauses within his forthcoming Bill on Environmental Protection, scheduled for the Autumn.

It will require resources both for the grants themselves and for their administration, the bulk of which I propose should be contracted out on a competitive basis. I have looked hard at the minimum amount which would have to be made available for grants if such a scheme were to be defensible in terms of target numbers of homes to be treated against the background of targets announced in previous public expenditure White Papers and the recent report of the Select Committee on Energy, and have concluded that this will require some £30 million per annum at today's prices once the scheme is fully operational. Administration might eventually cost an additional £1.5 million-£3.0 million pa for a scheme at this level.

For a significant part of this (£17 million-£18 million) I would need to look to a transfer of the existing PES provision for Energy Grant which the scheme is intended to replace. Energy Grant was introduced as a temporary measure to enable Employment legislation to be used to maintain support for the cost of draughtproofing materials following the ending last year of social security payments for this purpose. Indeed for 1990/91 I would hope that transfer of the residue of the provision at the date the new scheme became operational (plus any transfer of Homes Insulation Scheme provision for Scotland) will be sufficient (though it is difficult to be certain at this stage.) For subsequent years I will need additional sums of perhaps £7 million-£8 million in 1991/92 and £16 million-£17 million in 1992/93. At present I can see little scope for making more than a token contribution to this from within my own resources, but rather than bid now I am prepared to leave to next year's Survey the question of how the shortfall should be financed if you would find that helpful.

Copies of this letter go to the Prime Minister, Chris Patten, Norman Fowler, Malcolm Rifkind, Peter Walker, Tony Newton and to Kenneth Clarke.

John Wakeham
John

JOHN WAKEHAM



FILE

ANNEX

420

ENERGY EFFICIENCY IN LOW-INCOME HOUSEHOLDS

OUTLINE FOR NEW SCHEME OF GRANTS

1. Low-income households, more than half of whom are pensioners, are amongst the least energy efficient domestic consumers. Uptake of energy efficiency measures within this group is inhibited by a lack of:

- i. knowledge of how they can improve their energy efficiency;
- ii. the inability either to undertake insulation work themselves on a DIY basis or the knowledge and skills necessary to arrange for it to be undertaken satisfactorily on their behalf in the absence of many low-cost suppliers;
- iii. finance to meet the costs of labour and materials involved.

2. The rationale for the proposed scheme is to address these barriers through an arrangement which provides financial support for the provision of advice and low-cost basic insulation services.

3. The primary objective of the scheme is to increase take-up of draughtproofing and loft and tank insulation in low-income households. Within social category DE there are currently some 4.6 million households with no draughtproofing, approximately 0.75 million households with accessible lofts but no loft insulation, a further 0.9 million with inadequate loft insulation (less than 3"), 0.6 million with hot water tanks with no insulation and a further 3.0 million with inadequate tank insulation. Targets for numbers of homes to be draughtproofed and for loft and tank insulation under the scheme will need to be determined in the light of consultation and resources available, but on a preliminary estimate grant expenditure of £30 million pa at today's prices might support targets of 250,000 homes draughtproofed plus 50,000 lofts and tanks insulated per year.

4. The secondary objectives are to promote the development of Community Insulation Projects into community insulation businesses, to increase the availability of insulation services at the lower end of the market and to strengthen the attractiveness to the unemployed of training in basic insulation skills. Achievement of these would be secondary to



the primary targets, and again targets could only be set in the light of consultation. But the aim would be to set targets such that within a specified number of years [perhaps 3] the scheme should have led to:

- a specified percentage of those offering insulation training under Employment Training or any successor regime also offering draughtproofing and loft insulation services using full-time workers;
- a specified number of workers employed on a full time equivalent basis on draughtproofing and loft insulation work.

5. To avoid accusations of inconsistency between Government schemes it is proposed that eligibility for grants should be restricted to those with an income meeting the income requirements for minor grants under the proposed Home Improvement Grant regime. On the assumption that Ministers will wish to preserve the principle of a client contribution, for eligible individuals it is proposed that grants of 90% of the cost of the job should be available up to a maximum. Figures for the maxima will need to be set in the light of more detailed study but on the basis of experience with the CIPs and with HIS on a preliminary assessment these might be £90 for draughtproofing and £150 for loft and tank insulation.

6. Administration of grants would be undertaken by an outside Agency under contract. Further consideration will need to be given to whether this should be simply on the basis of applications from eligible individuals or whether there is scope for using suppliers of insulation services to put together schemes involving multiple households in a single area.

7. Subject to the outcome of consultations it is proposed that monitoring should be undertaken of the numbers of each type of measure completed, average cost per job and average level of Government financial assistance per job, type of dwelling treated and category of householder.

8. Similarly subject to the outcome of consultations it is proposed that after 3 years an evaluation should be undertaken of:

- i. the extent of the energy efficiency gains which can be attributed to the programme (including additionality of works supported by grant) and the extent to which these were taken in lower energy



consumption and improvements in comfort (by type of householder):

- ii. the proportion of those offering insulation training who also undertake draughtproofing and loft insulation work using full-time workers, the numbers employed, income from such work and the proportion which is ultimately Government financed.

EEO1

August 1989

PROPOSED NEW GRANTS SCHEME : COSTS AND BENEFITS

Scope of the Problem

1. There are about 7 million households in social categories D and E. Of these:

4.6 m	have no draughtproofing
0.75 m	have no loft insulation
0.9 m	have inadequate (less than 3") loft insulation
0.6 m	have uninsulated hot water tanks
3.0 m	have inadequately insulated hot water tanks

2. Income and Expenditure. The following table shows that low income households spend a disproportionate amount on energy.

Gross Income per household (£)	Average No of persons	Expenditure on energy (£)	Energy Spending as % of total	Energy Spending per person (£)
Under 45	1.14	6.94	13.8	6.09
45-60	1.35	7.68	13.2	5.69
60-80	1.86	9.19	11.8	4.94
80-100	2.16	9.48	9.5	4.40
Average across all population	2.53	10.43	5.9	4.12

3. Costs and Savings of Individual Energy Efficiency Measures

Costs will vary according to the size of house; savings will vary considerably depending on the efficiency of heating equipment, type of fuel, occupancy and heating patterns, and the extent of any other existing insulation. The following figures can, however, be regarded as typical of small to medium size dwellings. The cost figures assume professional installation and, for draughtproofing, the proposed maximum eligible for 90% grant.

Measure	Cost	Savings (pa)	Payback
Loft Insulation	£150-£250	£35-£90	3-4 years
Draughtproofing	£100	£16	up to 6 years
Hot Water Tank Insulation	£10-£15	£35	less than 1 year

4. Savings taken in increased comfort. Each increase (or decrease) of 1°C in the average internal temperature maintained will affect the annual fuel bill by £20-25. Thus the savings indicated in paragraph 3 above could instead be taken in terms of improved interior comfort of up to 4°C. For

many income households who live in colder than average houses taking some or all of any saving in this way will be an attractive option.

5. Overall Savings. Excluding the effect of taking savings in the form of increased comfort levels, the potential annual savings on fuel bills resulting from installing draughtproofing, loft insulation and hot water tank insulation in those households in social categories D and E which have no or inadequate existing insulation are estimated to be:

Measure	No of Households	Savings per Household (£)	Total Savings (£)
Draughtproofing	4.6 m	16	74 m
Loft Insulation	1.65 m	35-90	58 m-149 m
Hot water tank insulation	3.6 m	35	126 m
Total annual savings			258 m-349 m

6. Target Savings. The proposed scheme is intended to draughtproof 250,000 homes and install loft and hot water tank insulation in 50,000 homes per annum. On the basis of the above figures this will lead to continuing annual savings of £7.5 m-£10.25m for each year's grant expenditure. Over a 5-year period the cumulative savings would amount to £93-£128 m against grant expenditure of £150 m over the same period; annual savings would start to exceed annual expenditure not later than year 4, and total savings would exceed total expenditure not later than year 7.

7. Effect on Social Security Payments. Under the former Supplementary Benefit Scheme, which ended in April 1988, various rates of heating addition were payable to recipients of supplementary benefit towards the cost of extra heating. In the final year of the scheme 2.9 million claimants received heating additions at a cost of £417 m. When income support supplanted supplementary benefit, the heating additions sum was included in the funds made available for the new scheme. Heating additions are not, however, payable separately under income support (except for payments under the 'exceptionally cold weather' scheme). Instead, income support provides personal allowances based on age and family status and the needs of vulnerable groups. These allowances are intended to cover heating costs, including the extra heating needs of vulnerable groups.

The eligibility requirements for the new scheme are intended to be similar to those for the new Home Improvement Grant regime, ie mainly restricted to those on Income Support, Family Credit or Housing Benefit. The new scheme

therefore has the potential to reduce the annual fuel bills of social security recipients by up to some £10 m multiplied by the number of years the scheme has been in operation, increasing the value of the benefits received by this amount.

EEO 1

13 SEPTEMBER 1989



FILE KK

bc P.U.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 July 1989

Dear Stephen,

**SUPPORT FOR ENERGY EFFICIENCY IN LOW INCOME HOUSEHOLDS:
FUTURE OF COMMUNITY INSULATION PROJECTS**

The Prime Minister has seen Mr. Parkinson's minute of 17 July. She has also seen the Secretary of State for Wales' minute of 21 July.

She believes the best approach would be that proposed by Mr. Ridley; namely the introduction of a new and more comprehensive Homes Improvement Grant Regime, including provision for single grants for minor works to introduce or improve basic insulation, under which the availability of grants would be at the discretion of individual local authorities. If your Secretary of State wished to do more to promote energy efficiency amongst low income households or to continue Community Insulation Projects, she considers that he should put forward proposals for a separate scheme under the control of the Department of Energy.

I am copying this letter to Alan Ring (Department of the Environment), Carys Evans (Chief Secretary's Office), Anne-Marie Lawlor (Department of Employment), Uriel Jamieson (Scottish Office), Keith Davies (Welsh Office), Jeremy Groombridge (Department of Social Security) and to Andy McKeon (Department of Health).

*Yan,
Paul*

(PAUL GRAY)

Stephen Haddrill, Esq,
Department of Energy.

KK

PRIME MINISTER

SUPPORT FOR ENERGY EFFICIENCY IN LOW INCOME HOUSEHOLDS

You saw the papers attached over the weekend, and indicated your support for option 1 in my minute immediately below.

On re-reading the papers, I realise that I may have inadvertently misled you in the way my earlier minute set out the options. My options 1-3 were defined rather differently from the options (i)-(iii) in Mr. Parkinson's minute at flag A; and were set out in a different order.

With apologies, could I therefore ask you to confirm that you do support option 1 in my minute rather than option (i) in Mr. Parkinson's minute?

PLG.

PAUL GRAY

24 July 1989

Y
Own Option 1

PM3ASA

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PRIME MINISTER

SUPPORT FOR ENERGY EFFICIENCY IN LOW INCOME HOUSEHOLDS

The attached paper by Cecil Parkinson (Flag A) reports a state of deadlock between Departments on future arrangements for encouraging energy efficiency amongst low income households.

At present there are two schemes:

- the Homes Insulation Scheme, administered by DOE through the local authorities, that gives grants towards loft and tank insulation;
- Community Insulation Projects, providing draught-proofing and energy advice to low income families using labour provided under Training Programmes and finance for materials through Energy Grant, all administered by the Department of Employment Training Agency.

Option 1

The DOE, supported by the Welsh Office (Flag B), want to end the two grant schemes and replace them with a new Homes Improvement Grant Regime including provision for single grant for minor works to introduce or improve basic insulation. Grants would be at the discretion of individual local authorities. They argue that if the Department of Energy want to continue Community Insulation Projects then that Department should set up its own scheme.

Option 2

The Department of Energy are unhappy about setting up their own scheme, which would require prior legislation. Instead, they want to modify and expand the new DOE Homes Improvement Grant Regime to ear-mark specific funds for home insulation and make public sector tenants eligible.

Option 3

A further possibility would be to accept the DOE's new Homes Improvement Grant Scheme on the restricted basis they favour but to continue to supplement it with Community Insulation Projects/Energy Grant administered under Department of Employment Training Programmes. The problem with this is that Employment Training is a far less suitable vehicle than the old Community Programme.

The line-up of other Departments is complex because everyone has a slightly different view. In broad terms, the Treasury and the Department of Health support the Energy approach of beefing up the new Homes Improvement Grant Regime (Option 2); whereas Environment, Scotland and Wales want to keep that new Regime untouched and leave Energy to devise their own scheme if they want one (Option 1).

George Guise (Flag C) criticises the Energy approach. He supports the Environment view that the new Homes Improvement Grant Regime should stay as originally envisaged (Option 1).

You will want to consider how to handle this knotty problem.

Do you prefer:

- (i) Support Option 1? Yes no
- (ii) Support Option 2?
- (iii) Support Option 3?
- (iv) Given the extent of disagreements between Departments, to ask the Cabinet Office to co-ordinate further work as a preliminary to a meeting that you might chair in September.

Plc.b.

PAUL GRAY

21 July 1989



C. P. H.
B

B Fanny
desk.

PRIME MINISTER

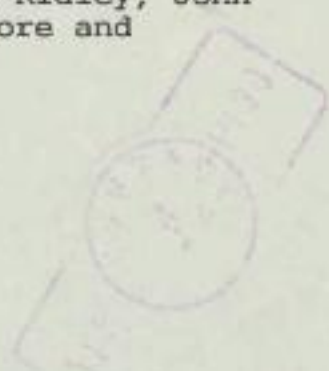
**SUPPORT FOR ENERGY EFFICIENCY IN LOW INCOME HOUSEHOLDS:
FUTURE OF COMMUNITY INSULATION PROJECTS**

I have seen Cecil Parkinson's minute of 17 July about the future of the Community Insulation Projects and the Homes Insulation Scheme.

Whilst I agree that energy conservation measures must continue to be available, particularly for those on low income, I really do think that the best way of achieving this is through the new home improvement grant arrangements. The test of resources will ensure that assistance goes to those in greatest need and I share Nicholas' view that the insulation of public sector houses must be a matter for the local authorities themselves.

Any move to breach the new grant regime by introducing what would in effect be a separate grant arrangement, subject to a specific allocation, could lead to pressure for similar extensions on other aspects of the new regime.

... I am copying this to Cecil Parkinson, Nicholas Ridley, John Major, Norman Fowler, Malcolm Rifkind, John Moore and Kenneth Clarke.



Keith Davies

21 July 1989

PW

Approved by the Secretary of State
and signed in his absence

Meeting Record.

CONFIDENTIAL

File
DAS



Meeting
1989

or PU

● Subject filed on
Social Services: Upgrading of
Social Security Benefits Pt 4
cc MASCOR.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

20 July 1989

Dear Sir,

LONE PARENTS

The Prime Minister held a meeting on 19 July to discuss the issue of lone parents. Those present were the Lord Chancellor; the Home Secretary; the Secretaries of State for the Environment, Scotland and Social Security; the Chief Secretary to the Treasury; the Ministers of State in the Welsh Office, Department of Employment and Department of Education and Science; the Minister for Health; Mr Wilson and Mr Monger (Cabinet Office) and Mr Dunlop (No 10 Policy Unit). The meeting had before it minutes by your Secretary of State dated 16 June and 14 July, and the Lord Chancellor's minute of 5 July.

Your Secretary of State said that the problem of lone parents was increasingly important, for three reasons: first, the number had increased substantially, doubling since 1979; secondly the proportion claiming income support had risen from 40 per cent in 1979 to about 70 per cent in 1988; thirdly, 77 per cent of lone mothers now received no maintenance from the fathers. In considering the best way to deal with the problem, he had concentrated on maintenance and benefits. It was crucially important to increase the maintenance paid by fathers. It was right that they should bear part of the cost of their children. Maintenance also reduced the mothers' dependence on the State, and provided an incentive to them to behave responsibly and to seek work where possible. The main difficulty of the present system was that the process of assessing and enforcing maintenance through the Courts was a complicated one, and the mother had no incentive to embark on it if an increase in maintenance simply led to an offsetting cut in her benefits. His minute had suggested some short-term improvements, but he believed that in the long-term it was necessary to consider radical changes, which would reduce the role of the Courts and move towards a system of maintenance recovery along the lines of the arrangements in the United States and Australia. As to benefits, there was considerable pressure from outside opinion for major changes. But after a detailed review, he had reached the view that they would not be justified. The changes usually proposed would, in most cases, create perverse incentives and be very expensive. He believed, however, that lone parents had suffered from the way

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in which family credit and income support had been aligned. There was a case for improving the earnings disregard available to them in housing benefit.

As to handling, he proposed that as a first step a background information note might be circulated to MPs and interested organisations in August or September. There was considerable ignorance about the factual position, which such a note could dispel. Secondly, a speech at the Party Conference could indicate both the Government's thinking about the problem of maintenance in the short-term and its longer term strategy. Thirdly, action on benefits could be considered in the Survey and announced in the uprating statement in October.

In discussion, the following were the main points made:

- a. There would be advantages in reducing the role of the Courts if a suitable way of doing so could be devised, especially since the present system imposed a considerable burden on the mother. It would not, however, be easy to devise a new system. The Courts were seen to be fair, and it would be necessary to demonstrate that a new system would also have that quality. A formula to establish the size of maintenance would probably have to be very complicated to cover the variety of individual circumstances. Nevertheless, the possibility was well worth considering further: such an approach had been successful in other countries. In particular, there were great attractions in enforcing payment of maintenance by attachment of earnings orders. There was a new and interesting precedent for doing this in Scotland.
- b. One possibility would be to make it a condition of payment of income support or family credit that claims for maintenance should be pursued. This might, however, be difficult to impose in practice.
- c. It was essential not to encourage the view, taken by the European Commission, that the State had general responsibility for child care. The responsibility was one for the family, whose role must not be undermined. The proposals put forward by your Secretary of State were designed to avoid any weakening of the family's responsibility. But the short-term pump-priming support which had been suggested might in practice tend to have such an effect.
- d. Improvements in training and job-search facilities would have resource implications. Their cost needed to be established before a decision could be taken, but in any case the difficulties of the current Survey called into question the case for new initiatives of that sort.

The Prime Minister, summing up the discussion, said that it was right to concentrate on improving the arrangements for getting maintenance from fathers, who must not be allowed to

escape their responsibilities. Radical changes should be considered. But more work was needed on how this could best be done in practice and the Secretary of State for Social Security should now, in conjunction with the other interested Ministers, set this work in hand. It should in particular examine the costs of any proposals. It should also ensure that nothing was done to encourage the view, taken by the European Commission, that the State had a general responsibility for child care. For this reason, and also because of the cost, the group were doubtful about the case for pump-priming support along the lines suggested. The group had also noted that the Department of Employment might bring forward new proposals on training and job search; these too must pay special attention to costs, against the background of a difficult PES round.

As to presentation, it was crucial that nothing should be promised until the Government had satisfied itself that any changes were workable in practice. This pointed against any speeches, or even information notes which might prematurely give rise to questions about how the Government intended to deal with the problems they disclosed. But there might be a case for a series of written Parliamentary Answers to set out the facts of the situation.

I am sending copies of this letter to the Private Secretaries to the Ministers at the meeting, and to the others present.


PAUL GRAY

Stuart Lord, Esq.
Department of Social Security

DASAXR

M Gre.
B
 1. Mr R Wilson
 2. Mr P Gray
 G W Monger
 July 19, 1989

R. K. H.

Shankhad
→

Draft letter for Mr Gray to send to
Principal Private Secretary, Department of Social Security

Lone Parents

The Prime Minister held a meeting on 19 July to discuss the issue of lone parents. Those present were the Lord Chancellor; the Home Secretary; the Secretaryⁱⁿ of State for the Environment, ~~the Secretary of State for Scotland, the Secretary of State for Social Security;~~ the Chief Secretary to the Treasury; the Minister of Stateⁱⁿ Welsh Office, ~~the Minister of State,~~ Department of Employment, ~~the Minister of State,~~ Department of Education and Science; the Minister for Health; Mr Wilson and Mr Monger (Cabinet Office) and Mr Dunlop (Policy Unit). The meeting had before it minutes by your Secretary of State dated 16 June and 14 July, ~~and the Lord Chancellor's minute of 5 July.~~

Your Secretary of State said that the problem of lone parents was increasingly important, for three reasons: first, the number had increased substantially, doubling since 1979; secondly the proportion claiming income support had risen from 40% in 1979 to about ~~two-thirds~~^{70%} in 1988; thirdly, 77% of lone mothers now received no maintenance from the fathers. In considering the best way to deal with the problem, he had concentrated on maintenance and benefits. It was crucially important to increase the maintenance paid by fathers. It was right that they should bear part of the cost of their children. Maintenance also

reduced the mothers' dependence on the State, and provided an incentive to them to behave responsibly and to seek work where possible. The main difficulty of the present system was that the process of assessing and enforcing maintenance through the courts was a complicated one, and the mother had no incentive to embark on it if an increase in maintenance simply led to an offsetting cut in her benefits. His minute had suggested some short term improvements, but he believed that in the long term it was necessary to consider radical changes, which would reduce the role of the courts and move towards a system of maintenance recovery along the lines of the arrangements in the United States and Australia. As to benefits, there was considerable pressure from outside opinion for major changes. But after a detailed review he had reached the view that they would not be justified. The changes usually proposed would, in most cases, create perverse incentives and be very expensive. He believed however that lone parents had suffered from the way in which family credit and income support had been aligned. There was a ~~good~~ case for improving the earnings disregard available to them in housing benefit.

As to handling, he proposed that as a first step a background information note might be circulated to MPs and interested organisations in August or September. There was considerable ignorance about the factual position, which such a note could dispel. Secondly, a speech at the Party Conference could indicate both the Government's thinking about the problem of maintenance in the short term and its longer term strategy.

Thirdly, action on benefits could be considered in the Survey and announced in the uprating statement in October.

In discussion the following were the main points made:

a. There would be advantages in reducing the role of the Courts if a suitable way of doing so could be devised, especially since the present system imposed a considerable burden on the mother. It would not however be easy to devise a new system. The courts were seen to be fair, and it would be necessary to demonstrate that a new system would also have that quality. A formula to establish the size of maintenance would probably have to be very complicated to cover the variety of individual circumstances. Nevertheless, the possibility was well worth considering further: such an approach had been successfully ~~followed~~ in other countries. In particular, there were great attractions in enforcing payment of maintenance by attachment of earnings orders. There was a new and interesting precedent for doing this in Scotland.

b. One possibility would be to make it a condition of payment of income support or family credit that claims for maintenance should be pursued. This might however be difficult to impose in practice.

c. It was essential not to encourage the view, taken by the European Commission, that the State had general

responsibility for child care. The responsibility was one for the family, whose role must not be undermined. The proposals put forward by ⁷⁰ ~~the~~ Secretary of State ~~for Social Security~~ were designed to avoid any weakening of the family's responsibility. But the short-term pump-priming support which had been suggested might in practice tend to have such an effect.

d. Improvements in training and job-search facilities would have resource implications. Their cost needed to be established before a decision could be taken, but in any case the difficulties of the current Survey called into question the case for new initiatives of that sort.

The Prime Minister, summing up the discussion, said that it was right to concentrate on improving the arrangements for getting maintenance from fathers, who must not be allowed to escape their responsibilities. Radical changes should be considered. But more work was needed on how this could best be done in practice and the Secretary of State for Social ~~Services~~ ^{Security} should now, in conjunction with the other interested Ministers, set this work in hand. It should in particular examine the costs of any proposals. It should also ensure that nothing was done to encourage the view, taken by the European Commission, that the State had a general responsibility for child care. For this reason, and also because of the cost, the group were doubtful about the case for pump-priming support along the lines suggested. The group had also noted that the Department of

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Employment might bring forward new proposals on training and job search; these too must pay special attention to costs, against the background of a difficult PES round.

As to presentation, it was crucial that nothing should be promised until the Government had satisfied itself that any changes were workable in practice. This pointed against any speeches, or even information notes which might ^{precisely} give rise to questions about how the Government intended to deal with the problems they disclosed. But there might be a case for a series of written Parliamentary Answers to set out the facts of the situation.

I am sending copies of this letter to the Private Secretaries of the Ministers at the meeting, and to the others present.

CONFIDENTIAL

COMMUNITY INSULATION PROJECTS

The Government always wastes money when it tries to kill two birds with one stone. It never learns and here is another example. The best way to insulate Council houses is to get an efficient, professional contractor via competitive tender and have the job done quickly. Training programmes are a relic of dirigiste, centrally financed efforts to augment the skilled labour pool. It is no wonder that insulation projects have been 'severely affected by the transition to employment training'. There is some belated sense at the end of Parkinson's third paragraph but it remains wedded to the anachronism of central government financing of local authority housing.

By contrast, Nicholas Ridley insists on local finance and, surprisingly, the Scottish Office is in support. Normally the Scots expect money from anywhere except local sources.

The Department of Energy paper demonstrates no faith in market forces and a hankering after paternalistic central funding to help the 'old and cold'. Far better to insist on basic standards of accommodation from local authorities before they are allowed to rent, whether to 'old and cold' or 'young and warm'. Ultimately, this would be reflected in market rents and those with a genuine economic problem would have recourse to supplementary benefits.

Parkinson is trying to tackle the problem from the wrong end by cajoling local authorities into wasting central funds on Council house lagging done by ill-trained and poorly equipped workers. The job is best done by competitive tender from efficient companies. The ultimate financing should be via Council rents with assistance for those genuinely unable to pay.

GEORGE GUISE



CCB/OP.

PRIME MINISTER

LONE PARENTS: MEETING ON 19 JULY

You saw the latest papers for tomorrow's meeting over the weekend, as summarised in my earlier minute immediately below. The one paper you may like to have another look at this evening is John Moore's latest minute (Flag E) in which he sets out his current proposed handling.

R.C.B.

PAUL GRAY

18 July 1989

copy

PRIME MINISTER

LONE PARENTS: MEETING ON 19 JULY

You will recall that the planned meeting on Lone Parents last Wednesday had to be postponed as we had run out of time. It is now rescheduled for next Wednesday.

The main papers are as before, namely:

Flag A John Moore's minute and detailed paper

Flag B Comment from the Lord Chancellor

Flag C Cabinet Office brief

Flag D Policy Unit brief

You have already been through these papers. But John Moore has also now sent you a further minute, at Flag E. He now reports that, after further consideration, he has thought better of making an announcement before the Recess. Instead, he suggests taking the public debate forward in slower time, starting with a background information note for MPs and interested organisations to coincide with Nicholas Ridley's Homelessness Review announcement in August/September. This would be followed by a Party Conference announcement on maintenance and the longer term position; with the proposals on benefits coming in the October uprating system.

This revised approach does perhaps raise the question whether you need to have a meeting at all next week. But on balance I think this is probably still appropriate, particularly if there are aspects of his work programme (e.g., on child care) that you wish to question along the lines recommended by Andrew Dunlop (Flag B).

Content still to proceed with Wednesday's meeting?

PG

14 July, 1989.

Yes no

ALCB.

Prime Minister

SUPPORT FOR ENERGY EFFICIENCY IN LOW INCOME HOUSEHOLDS:
FUTURE OF COMMUNITY INSULATION PROJECTS

We need to decide on future arrangements for encouraging energy efficiency amongst low income households. Unfortunately, it has become clear from correspondence with interested Departments that there is no consensus on the way forward.

Low income households typically spend significantly more per head on energy than the average, not simply as a proportion of their income, but in absolute terms. One reason for this is that their homes tend to be poorly insulated and highly wasteful of energy. Much of this waste is ultimately financed by taxpayers through social security payments; on a very crude estimate perhaps up to £1 billion per annum. Despite this expenditure, the inefficiency in many such homes is so great that low temperatures result in condensation and mould leading to health problems. Each year there are a number of highly publicised cases of death through hypothermia in the home. For these reasons I made the promotion of energy efficiency within low income households a priority area for the Energy Efficiency Office within my Department.

There are currently two main Government schemes which aim specifically to provide assistance in this area. The Homes Insulation Scheme which provides financial assistance towards the costs of loft and tank insulation and which is administered by the Department of the Environment through local authorities. And Community Insulation Projects, which provide mainly draughtproofing and energy advice to low income families using labour provided under training programmes and finance for materials through Energy Grant

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an Index

currently administered by the Training Agency. The network of Community Insulation Projects grew rapidly under the Community Programme, but have been severely affected by the transition to Employment Training. Despite special measures of support agreed between Norman Fowler and myself, there is now general agreement that Employment Training does not represent a satisfactory vehicle for the longer term support of a national network of projects to undertake this work. Nor is Norman keen for the Training Agency to continue to administer Energy Grant on a long term basis. I am convinced that we need to encourage the development of Community Insulation Projects into community insulation businesses specialising in offering basic insulation services at the lower end of the market.

Nicholas Ridley has proposed the ending of the Homes Insulation Scheme and Energy Grant in England and Wales from April 1990 and its replacement by a new and more comprehensive Homes Improvement Grant regime which would include a provision for single grants for minor works to introduce or improve basic insulation. However, under these proposals the availability of grants for this work will be entirely at the discretion of the individual local authority. There will be no specific allocation of Central Government finance linked to provision of grants for insulation measures, and local authority tenants, who represent around half of all low income households, would be ineligible. Despite pressure from John Major, Kenneth Clarke and myself, Nicholas is not keen to modify these features, which he regards as fundamental to his proposals for future Government financing for housing. He has urged that if we feel that it is necessary to do more to promote energy efficiency amongst low income households I should introduce a separate scheme of assistance under the control of my Department. Malcolm Rifkind has proposals similar to those of Nicholas to be introduced in Scotland from a later date.

I attach a paper which was circulated in draft to officials in other interested Departments, which sets out the background and summarises the position of each Department. It appears to me that we have three options:

- (i) To modify the proposed Home Improvement Grant regime to include a financial allocation available to local authorities earmarked for homes insulation, and to make public sector tenants eligible.
- (ii) To introduce a new scheme for support of insulation measures in low income households under my control.
- (iii) To accept Nicholas' proposals for Home Improvement Grants to replace the Homes Insulation Scheme, but continue with Energy Grant maintaining support for Community Insulation Projects under training programmes as best we can, resisting pressure for further Government action.

I remain convinced that the first of these represents the best option. I believe that the third option would undermine my attempts to encourage Community Insulation Projects to develop into community insulation businesses, and would be widely regarded as signalling a lack of Government commitment to the promotion of energy efficiency. I doubt whether in practice it would lead to more than 100,000-200,000 pa low income homes being draughtproofed from the 4.5 million remaining untreated; a rate significantly below previously achieved levels, published targets and the figure of 250,000 pa which the Select Committee on Energy recently urged as a minimum target. The pressure for action is likely to be considerable against the background of current concerns over global warming and the widespread support both for energy efficiency generally, as evidenced by recent pressures in relation to the Electricity Privatisation Bill, and for the role of Community Insulation Projects in helping the 'old and cold' specifically. Whilst I would not wish to rule out a separate scheme under my control this does not appear to me the best course. It would require new primary legislation, new resources and new administration.

I am copying this letter to Nicholas Ridley, John Major,
Norman Fowler, Malcolm Rifkind, Peter Walker, John Moore and
Kenneth Clarke.

C.P.

SECRETARY OF STATE FOR ENERGY

11 July 1989



SUPPORT FOR ENERGY EFFICIENCY MEASURES IN LOW INCOME HOUSEHOLDS : FUTURE OF COMMUNITY INSULATION PROJECTS

SUMMARY

1. Government financial assistance for measures to improve standards of insulation and hence the efficient use of energy within low income households is currently provided primarily through the Homes Insulation Scheme (insulation of lofts and tanks) and through Government support for Community Insulation Projects (CIPs; primarily draughtproofing). The number of CIPs and houses being draughtproofed declined dramatically following the ending of the Community Programme and the transition to Employment Training, and the Department of Energy is seeking to encourage the development of CIPs into community insulation businesses specialising in offering basic insulation services at the lower end of the market. The Department of the Environment is proposing a new Homes Improvement Grant (HIG) regime in England and Wales from April 1990, to replace the Homes Insulation Scheme and the existing Energy Grant available to CIPs towards the costs of materials used in draughtproofing eligible homes. Under the DoE proposals grants would be available to low income householders for insulation works from local authorities on a discretionary basis, but public sector tenants would not be eligible and there would be no specific financial allocation from Central Government to fund these. The Secretary of State for Energy believes that these proposals will be widely regarded as signalling a lack of Government commitment to energy efficiency and would not provide a suitable basis for continuing support for CIPs, and has proposed changes. The Chief Secretary and the Secretary of State for Health support the Secretary of State for Energy's proposals, and the Secretary of State for Employment agrees that Community Insulation Projects represent good value for money and the DoE proposals for HIG will not provide equally effective targeting of resources. The Secretary of State for the Environment is opposed to changes which he argues run counter to the main thrust of his proposed regime for financial support for housing, and has suggested that the Secretary of State for Energy should set up a new scheme under the control of his own Department. The Scottish Secretary supports the Secretary of State for the Environment's objections to the proposed changes.

Development of Community Insulation Projects

2. CIPs were set up in 1982 under the then Manpower Services Commission's Community Programme. They provide an insulation (mainly draughtproofing) and energy advice service to low income families, using labour and finance for materials originally provided under the Community Programme and through social



security single payments respectively. The Energy Efficiency Office (EEO) of the Department of Energy provides encouragement and financial support for the start up costs of individual Projects. Projects are locally based and provide services for households within discrete areas. From their inception in 1982, CIPs have draughtproofed well over 600,000 homes. However, it is estimated that some 4.5 million households in social classes D and E still have no draughtproofing.

3. With the cessation of social security single payments consequent on the changes to the social security regime from April 1988, an Energy Grant was introduced to meet the costs of draughtproofing materials. This grant is administered by the Department of Employment. In 1987 it was agreed by all interested Ministers that the Energy Grant should be a short term measure only and that it would be replaced by the new Home Improvement Grant (HIG) regime. However, detailed proposals for the HIG were not then available, and there was no discussion of financial arrangements or eligibility conditions. Under the Local Government and Housing Bill now before Parliament, the new HIG regime will be introduced in England and Wales from April 1990. A similar regime is proposed for Scotland, but from a later date.

4. In September last year the Employment Training programme was introduced as a replacement for the Community Programme; projects previously established under the Community Programme (such as CIPs) were therefore faced with the options of transferring to the Employment Training (ET) regime, developing alternative survival strategies, or extinction. Many of the CIPs transferred to ET, but between August and December 1988 the number of Projects fell from around 440 to under 300, and the number of people working on the projects dropped from some 6200 to some 3200. Neighbourhood Energy Action has estimated that some 50,000 fewer homes were draughtproofed last winter in consequence.

5. On 10 February 1989 the Secretary of State for Employment announced a package of measures to assist CIPs. The number of Projects has subsequently risen to around 320, with perhaps 3,800 workers. However, the number of households insulated this year is likely to fall well short of the target figure of 250,000 given in this year's Public Expenditure White Paper, and may not exceed 150,000. In any case, there is general agreement that Employment Training is not a suitable vehicle for the long-term support of CIPs and new solutions need to be sought, for the following reasons:



- a) the ET programme is primarily aimed at training the jobless and is not designed to facilitate the delivery of insulation services to low income households;
- b) as the number of unemployed decreases, so the pool of available labour for CIPs is dwindling;
- c) it is becoming increasingly difficult to present training in draughtproofing as an attractive proposition for potential recruits to CIPs under the ET programme;
- d) as the number of projects has declined, so the geographical coverage of the insulation service has contracted. There are now many areas where low income households cannot have their homes draughtproofed by CIPs;

Home Improvement Grants (HIGs)

6. The proposed HIG regime is intended to replace and consolidate a number of existing grant arrangements for housing improvements, including grants for loft and tank insulation under the Homes Insulation Scheme. Under current DoE proposals local authorities will administer the scheme and will be required to offer mandatory grants for work to bring dwellings up to a basic fitness standard (which will not include any requirements for insulation or energy efficiency), and will be able to offer discretionary grants for works to bring dwellings up to a higher standard, which will include provision of adequate standards of heating, ventilation and insulation. There will be a minor works regime which will cover provision of single grants for smaller items of expenditure such as loft and tank insulation and draughtproofing. However, unlike the existing Homes Insulation Scheme grants and the Energy Grant for draughtproofing materials, the HIG grants will not be available to tenants in public sector housing, nor will there be a specific allocation of funding for insulation work. Grants for energy efficiency measures will therefore be available only to private sector tenants and their availability will be entirely a matter for each local authority; with significant geographical variation possible.

Department of Energy's Proposals

7. The Department of Energy proposes to encourage the development of CIPs into private sector community insulation businesses as part of an attempt to help ensure their long term



viability. This would increase the supply of insulation services at the lower end of the market, and provide a wider geographical spread than is offered by existing CIPs. Such businesses would depend upon the availability of a system of Government financial support for insulation measures in low income households. In addition they would offer training under ET. The aim will be both to provide better prospects for those trained under the ET programme to fund subsequent work using their skills, thereby making such training more attractive, and an improved insulation service for low income households.

8. Energy officials estimate that it should be possible to draughtproof substantial numbers of low income homes under such a regime for around the current level of Government assistance per home, which they put at £90. (The need for direct financing of the full labour cost being offset by better productivity and targeting of assistance resulting from all payments being linked to output of draughtproofed homes). At £90 per home the treatment of 250,000 homes would involve assistance of £22.5 million, above the present £17 million provision for Energy Grant but below the current combined provision for Energy Grant and the Homes Insulation Scheme of £27.5 million.

9. More than half of the work of CIPs is within the homes of public sector tenants, who constitute around half of all low income households. To support the transition of CIPs to community insulation businesses and maintain Government commitment to the promotion of energy efficiency amongst low income households the Secretary of State for Energy has proposed changes to the HIG regime, to include eligibility of public sector tenants and a special allocation of financing of insulation work.

Department of Environment View

10. The Secretary of State for the Environment opposes the changes proposed by the Secretary of State for Energy, arguing that specific allocation of funding would run counter to the thrust of the proposed new regime by reinstating what is in effect a separate grant system requiring separate administration with higher costs. And extension to public sector tenants would leave DOE vulnerable to pressure similarly to extend other parts of the regime, make it harder to maintain that the renovation of local authority housing has to be met wholly from within its own separate PES allocation, and would mean giving support to public sector renovation from resources directed towards the private sector.



11. He has suggested that the solution to the future of CIPs should lie in a separate scheme, funded and administered by the Department of Energy.

Scottish Office View

12. The Scottish Office is planning a revised housing improvement grant regime containing grants for insulation broadly similar to those proposed by DOE. Therefore, for similar reasons to those proposed by DOE, the Scottish Secretary does not accept the Secretary of State's proposals.

Department of Health View

13. The Secretary of State for Health has expressed strong support for the Secretary of State for Energy's proposals.

Treasury View

14. The Chief Secretary also supports the Secretary of State for Energy's proposal that the HIG regime should be extended to public sector tenants on the basis of a ring fenced scheme, on the understanding that no additional resources would be made available, arguing that this is likely to offer best value for money.

Department of Employment View

15. The Secretary of State for Employment agrees that there is a need for longer term arrangements outside of Employment Training and argues that the HIG regime proposed by the Secretary of State for the Environment would not target resources as effectively as current arrangements.

Proposal for a Separate Scheme

16. The Secretary of State for Energy argues that a separate scheme, funded and administered by his Department, could at best offer a solution in the long term. Such a scheme would require new primary legislation, new administration arrangements, and new resources (or a transfer of resources from those allocated to HIGs). The Chief Secretary has made it clear that he cannot



provide additional resources, and that setting up a new administrative system is therefore likely to result in less insulation for the available money.

ENERGY EFFICIENCY OFFICE
DEPARTMENT OF ENERGY

13 JULY 1989

CONFIDENTIAL

Prime Minister

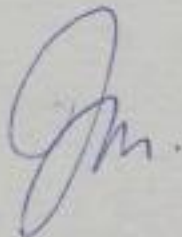
LONE PARENTS

1. With your agreement, I have been examining the issues raised by the increase in lone parenthood and dependency in this country over recent years. I now attach a report and background paper which my officials have prepared in consultation with officials in colleagues' Departments.

2. The report sets out an action programme which will reduce lone parents' reliance on State support. Each of the proposals has a part to play, but I believe it is particularly important for us to ensure that all absent fathers pay a proper level of maintenance. My officials are therefore working with officials in colleagues' departments on a radical review of the whole system for awarding and collecting maintenance. This will necessarily take some time, so in the shorter term I am strengthening DSS procedures to increase the maintenance that is paid by absent fathers.

3. You may wish to discuss these issues and their handling. But subject to your views, and those of colleagues to whom I am copying this minute, I should like to push ahead with the action programme as quickly as possible. It is important for us to ensure that we present each of the strands as part of a coherent and co-ordinated policy. Therefore I propose to make the first public announcement through a substantial written answer. This would emphasise the importance of maintenance and our intention that lone parents should be helped and encouraged, but not required, to work. It would then indicate this broad area in which action will be taken. This would set the scene for subsequent announcements including that on homelessness which Nick Ridley expects to be able to make shortly.

4. I am copying this to Nigel Lawson, James MacKay, Douglas Hurd, Peter Walker, Norman Fowler, Nick Ridley, Kenneth Baker and Kenneth Clarke.



16 June 1989

JM

LONE PARENT FAMILIES AND DEPENDENCY: A PROGRAMME FOR ACTION

INTRODUCTION

1. This paper describes the growth in the number of lone parents in Britain since 1971 and in their reliance on state support and recommends a programme for action to check these trends.

BACKGROUND

2. In 1971 there were 570,000 lone parent families (families consisting of a mother or father living without a spouse, and not co-habiting, with her or his never married dependent children). By 1986 there were over 1 million - about 1 family in 7. This growth matters because of the heavy dependence of lone parent families on benefit and because their parents' divorce, and living in lone parent families, can have adverse emotional and other effects on children. Moreover, lone parents are a low income group among families with children, with only about 20% of them falling outside the scope of income related benefits.

3. In May 1988, 720,000 lone parent families (around two thirds) were claiming income support (formerly supplementary benefit) compared with 320,000 (40%) in 1979. Yet over the same period the maintenance paid by absent partners actually fell in real terms from £130 million to £126 million. In addition, in 1979 no maintenance at all was paid for 48% of lone mothers receiving income support; by 1988 this had reached 77%. Maintenance paid in 1988 represented on average less than £4 per week for every lone parent family on income support.

4. These trends and other information are set out in the background paper attached. It is against this background of increasing reliance on State benefits and declining maintenance payments that the action programme set out in this paper has been drawn up.

PROGRAMME FOR ACTION

OBJECTIVES

5. The policy objectives which underpin the programme are twofold -
5.1 to reduce lone parents' dependence on income support; and

5.2 to prevent and remove perverse incentives which could encourage lone parenthood.

MAINTENANCE

6. Action on maintenance is the central pillar of this programme.

How Ensuring that absent fathers pay an appropriate amount of maintenance will serve two ends. It will make them meet their responsibilities and deter irresponsible behaviour; and, because it will give lone parents a regular income of their own, it will encourage those who want to work to be less dependent on state support. Lone parents receiving income support are generally no better off if maintenance is awarded, which means that they can be reluctant to take, or be a party to, proceedings. Yet regular maintenance payments can play a vital role in helping lone parents to step out of dependency on benefits because it can supplement wages and help them to meet child care costs. For example, a lone parent with two children under 11 and gross earnings of £125 a week from full-time work, but no maintenance and no child care costs, would be about £35 a week better off than if she was receiving income support and not working. Child care costs can eliminate some or all of this financial advantage. But if the absent father was paying maintenance of £50 per week (the average amount received by parents not receiving Income Support) the lone parent family would be a further £36 a week better off in work. As maintenance can substantially improve work incentives for lone parents with low incomes it is important that a pattern of maintenance assessment and collection is set as a matter of course early in lone parenthood.

7. We have, with the Lord Chancellor's Department, the Home Office and the Scottish Office, started to examine the present system for awarding and collecting maintenance. Court action is complicated, expensive and takes time. The courts are under increasing pressure. Even when an award has been made, collecting the maintenance awarded is far too often very difficult. We therefore propose a radical examination of ways for awarding and collecting maintenance. Detailed work has already started to try to find a new structure which will deal equitably, effectively and efficiently with maintenance, mostly outside the courts. We will examine whether the amounts can be assessed by a formula set down in law and whether more efficient

collection arrangements can be devised. Procedures need to be quick, cheap and as painless for lone parents as possible. All options will be considered. The new system of maintenance recovery introduced in Scotland and the experience of other countries such as the USA and Australia will be closely examined to see what lessons and ideas can be used. For example, Australia is introducing a formula for calculating what absent parents should pay, and the maintenance will be collected by deductions from earnings through the tax office. If a new, better structure can be identified reform will need primary legislation, and will not be achieved overnight. But the aim is to bring forward proposals which will mean that maintenance payments become the norm and that amounts are more responsive to changes in the absent father's circumstances.

8. That is for the longer term, but much can be done now to increase maintenance payments. DSS has powers to pursue absent husbands and fathers for maintenance when lone parents claim benefit. Obviously, the extent to which such action will be successful will depend on men's circumstances. Unemployment has fallen very significantly and take-home pay has risen substantially in recent years, and outside opinion strongly supports firm action to make sure that men do not flout their responsibilities for supporting their families. Against this background the DSS has examined its procedures for recovering maintenance for lone parent families claiming benefit. DSS is taking action -

8.1 to ensure that more unmarried fathers are identified so that they can be pursued for maintenance, eg by placing even more emphasis on obtaining the father's name when lone parents claiming benefit are interviewed;

8.2 to increase the amounts which DSS officers ask the men to pay in relation to their means; and

8.3 to review court orders more frequently to ensure that they reflect improvements in the men's circumstances.

DSS, together with the Lord Chancellor's Department, the Home Office and the Scottish Office, is also pursuing action to identify ways to increase the maintenance collected in cases brought to court, eg by

more use of Attachment of Earnings orders. In addition, DSS will take proceedings in more cases.

9. Most of these are administrative changes but some (eg, empowering the courts to make attachments of earnings orders at the same time as making maintenance orders) would require primary legislation which could delay implementation until 1991. Action within Government rests chiefly with DSS. This action would achieve significant benefit savings for very modest administrative cost within DSS - although additional demands placed on an already hard-pressed court service could have further resource implications.

HELPING LONE PARENTS TO WORK

10. Maintenance will play a very important role in helping lone parents to work, but action is also needed in other areas.

Child care

11. Good quality care of their children is very important for parents who wish to work; the problems that child care can cause for lone parents are even more acute. This issue has been examined by Mr Patten's Ministerial Group on Women's Issues as part of its work on child care and working parents, which has made very clear the Government's role to facilitate the development of child care facilities by voluntary organisations, employers and the commercial sector, and (where DH has a particular interest) to ensure proper standards. An especially promising area is facilities for school-age children through after-school and holiday schemes. When they met on 11 April Ministers decided that:

11.1 contact and partnerships should be promoted between employers, other commercial interests, voluntary organisations and local statutory authorities. The aim will be to stimulate provision by them of help with child care, to help parents, including lone parents, who want to work. Follow-up is already under way. In the Inner cities, some Task Forces and City Action Teams have already been encouraging action of this sort. The Ministerial Group on the Inner Cities Initiative has since agreed that all Task Forces and City Action Teams should be invited to

consider getting involved in this way;

11.2 guidance should be issued to LEAs and school governors to encourage them to make their premises (eg, buildings, sports fields) available for after-school and holiday schemes, where they do not already do so. These are particularly valuable as a low-cost form of care for school age children;

11.3 employers should be encouraged to use the existing tax reliefs available to them to provide, or help with the cost of, child care.

12. This work tackles in a sensible and flexible way what is often a major difficulty for lone parents who want to work. Results will be achieved mainly by and through the independent and voluntary sectors. These have a key role in providing resources for child care. This will supplement the resources made available by local authorities who, as major providers of day care for under-fives, may also have a contribution to make towards increasing day care facilities for lone parent families. The proposals are also targeted well on lone parents (and others) who want to work or train for work and who face problems with child care. None of them will need legislation. Helping with child care costs through the social security system by offsetting these costs against earnings when calculating benefit has also been examined but the difficulties (described in paragraphs 18 and 19) effectively rule this action out. There could though, be value in further promoting voluntary sector activity to provide affordable child care, especially in collaboration with employers and others. DSS is therefore working up proposals to promote, by short-term pump-priming support, the work of the voluntary sector in establishing partnerships with employers to provide child care in inner city areas and others which enables lone parents to work.

Training and job search

13. Lone parents dependent on benefit generally have low levels of work skills and experience and low confidence. But many wish to work and the take-up of places by lone parents on Employment Training has been particularly good. In addition, studies in the USA of programmes for employment training, work experience and job search show

consistently that they can be a cost-effective means of increasing levels of employment among lone parents. Most studies report sufficiently large gains in the lone parents' earnings to make programmes profitable within 3-4 years (ie, longer-term increases in the lone parents' earnings produce reductions in benefit spending which offset the costs of starting and running the programme).

14. DSS and DE have been examining possibilities for developing provision within Employment Training and other employment services for lone parents, focussing on lone parents with children of school age and on those with older children (say age 13+). Options which are being examined include

14.1 ways of drawing lone parents' attention to the employment and training opportunities available to them and motivating them to take them up. These may include Employment Service interviews and specially devised marketing material distributed with the help of DSS;

14.2 building on existing provision by making more Employment Training places available on a part-time basis and in periods that avoid school holidays.

15. DE Ministers have the lead in this area and will be bringing proposals forward shortly.

The benefit system

16. The benefit system can provide incentives and disincentives to work. DSS has therefore carried out a detailed review of provision for lone parent families in the benefit system. The review has looked specifically at ways

16.1 to reduce lone parents' dependence on income support, or at least to check its growth, by improving incentives for lone parents who want to do a significant amount of work;

16.2 to improve these incentives in a way which recognises the problems faced by lone parents in work (eg, child care needs) and is well targeted, without providing any perverse incentive to lone

parenthood or undue help to one-parent, compared with two-parent, families;

16.3 to be constructive - to give extra help to lone parents who work rather than penalising lone parents who do not work;

16.4 to avoid undue cost.

A note on current provision for lone parent families within the benefit system is at Annex 1. Most help is given to lone parents who work. But they often have little incentive to work, particularly if they face child care costs. A lone parent with gross earnings of £125 a week from full-time work and with two children under 11 is only about £35 better off than if receiving income support and not working, and this is before allowing for cost of child care.

17. Lone parents are not required to be available for work as a condition of income support. Such a requirement would have far reaching implications outweighing any advantages which might result from reducing their dependence:

17.1 it would be extremely difficult to defend. Over 80% of lone parents claiming benefit have at least one child of primary school age or younger (background paper, paragraph 11.1). Most people think mothers with young children should not work at all (background paper, paragraph 12.1). And childless wives of unemployed husbands are not required to be available for work;

17.2 help would have to be provided with the cost of child care;

17.3 it would increase the unemployment count.

18. Annex 2 sets out various ideas put to DSS for modifying benefit provision for lone parents to provide more help to those who want to work. They all have serious drawbacks. They could, for example, actually discourage greater independence through full-time work by increasing the returns from part-time work compared with full-time work. Or they could mean net income actually going down if earnings increased - ending such traps was one of the central aims of our social security reforms last year. They could push lone parents

towards the use of paid, rather than informal, child care. Or, because they could not exclude lone parents already working, they could be very expensive. Annex 2 describes the reasons why these ideas have, therefore, been rejected.

19. The ideas examined included giving lone parents who work full-time and receive family credit an extra allowance towards their child care costs. But this would encourage them to use paid care rather than family or friends and would cost at least £40 million a year just for lone parents already working. Another idea was whether lone parents working full-time and receiving family credit should be helped with any mortgage interest they pay. This help is available to people on income support and not in full-time work. But we could hardly do this just for lone parents, and to do it for everyone receiving family credit would cost around £600 million a year.

20. DSS has therefore concluded that the best, and only practical, way to strengthen lone parents' incentives to work more, both part-time and full-time, would be to improve the earnings disregard available to them in housing benefit. This would improve the returns from work for lone parents working either part-time or full-time. It would also be targetted particularly on lone parents with high rents who under the present scheme have weak incentives to work because they are left with less money in their hands for the same earnings than someone with low rent. Under the proposal they will have more money in their hands after meeting housing costs and this recognises the extra expenses that working lone parents have.

HOUSING

21. The availability of council housing to those who are pregnant or who have children can create perverse incentives to become pregnant so as to obtain housing. So, for example, young couples may decide to have children sooner than they otherwise would. Following discussion with colleagues on 17 May, Environment Ministers are to bring forward further proposals on homelessness. Their review has considered in some detail how best to avoid encouraging lone parenthood as a means of quick access to council housing. Its recommendations have put forward suggestions on provision for young single homeless mothers which aim to reduce any such incentive. DSS and DOE are working

together to ensure co-ordination of presentation of their respective proposals.

MARRIAGE GUIDANCE AND CONCILIATION

22. Research shows that many couples who split up wish later that they had not done so. Anything that can help prevent lone parenthood by reducing preventable breakdowns is worth considering. The recent report by The Conciliation Project Unit, University of Newcastle, which is to be considered by the Lord Chancellor's Department later this year, includes a proposal for a national counselling and conciliation service. We shall examine how this proposal could contribute to the lone parent strategy.

PUBLIC EXPENDITURE AND VALUE FOR MONEY CONSIDERATIONS

23. Before decisions are taken to implement any of these ideas they will need to be costed in agreement with the Treasury and their cost-effectiveness considered. The public expenditure implications of the proposals will be for consideration in the survey in the usual way.

CONCLUSION

24. The programme set out in this paper aims to:

24.1 ensure that absent husbands and fathers accept their responsibility for supporting lone parent families and that they pay a proper level of maintenance;

24.2 help and encourage lone parents who want to become more independent through work to do so, without coercion; and

24.3 ensure that perverse incentives to lone parenthood are not created, or disincentives weakened.

25. To pursue these objectives a wide-ranging programme of action is planned to:

25.1 try, in conjunction with the Lord Chancellor's Department, Home Office and Scottish Office, to find a new structure which

will deal equitably, effectively and efficiently with the award and collection of maintenance (paragraph 7);

25.2 improve the recovery of maintenance in the short-term from absent husbands and fathers of lone parent families claiming benefit, by reinforcing DSS's procedures (paragraph 8);

25.3 promote, as part of the work commissioned by the Ministerial Group on Women's Issues, action by employers, voluntary bodies and others to expand provision of child care to help lone (and other) parents who wish to work (paragraph 11);

25.4 promote, by short-term pump priming, the work of the voluntary sector in establishing partnerships with employers to provide child care (paragraph 12);

25.5 build on provision for lone parents in Employment Training and other employment services (paragraph 14);

25.6 improve incentives for lone parents who want to work by improving the earnings disregard in housing benefit (paragraph 20);

25.7 put forward as part of the DOE review of homelessness proposals to avoid or reduce perverse incentives to lone parenthood, or early parenthood, being created by policy on the provision of accommodation for the homeless (paragraph 21); and

25.8 examine whether there is scope for strengthening the important role played by marriage guidance and conciliation services (paragraph 22).

LONE PARENTS AND DEPENDENCY: THE BACKGROUND

1. In Britain today, around one in every seven families with children is headed by a lone parent, almost always the mother. Only a minority receive any maintenance from the absent parent. Two thirds of lone parents are reliant on social security benefit for their support. Over half become lone parents as a result of marriage breakdown and a quarter are unmarried. Lone parents are a low income group among families with children, with only about 20% of them falling outside the scope of income related benefits. In 1986 lone mothers working full-time earned on average only 55% of average male earnings (compared with 66% for all women in full-time work). This annex sets out the issues which arise from the review of lone parenthood and dependency and analyses what has caused them. It therefore sets out the background against which the action programme has been drawn up.

GROWTH IN LONE PARENTHOOD

2. The first issue is the growth in lone parenthood. Numbers of lone parent families in Britain nearly doubled between the early 1970s and mid-1980s, from 570,000 in 1971 to just over 1 million in 1986. This trend is not unique to Britain. The USA, Australia and other West European countries have had a similar experience, and in Australia and the USA numbers have grown faster than they have here. But the causes here need to be examined; figures on these and other points described below are in Annex 3.

DEFINITION

The Finer Commission on one parent families, which reported in 1974, defined lone parents as families consisting of a mother or father living without a spouse, and not co-habiting, together with her or his never-married dependent children (ie, aged under 16, or under 19 and in full-time education). There is no reason to change this definition and it is the one used throughout the report.

3. It is worth noting that this does not describe the whole picture. These "snapshot" figures, taken at a point in time, do not bring out how the lone parent population changes. Studies suggest many lone parents leave lone parenthood within a relatively short time - around half leave within about five years, mostly through marriage or remarriage. But on the other hand, substantial numbers are lone parents for more than five years.

4. This growth in lone parenthood is an important issue, for these reasons:

4.1 Dependence. Lone parent families generally have major problems in being financially independent of state support, and the majority are reliant on social security benefits - more on this below (paragraph 8 onwards);

4.2 Effects on the children. American research has found that daughters who had spent part of their growing up years in a lone parent family showed later on a 77% increase in marriage breakdown themselves and were more than twice as likely to have a baby before marriage. British research, too, has shown that divorce has serious and lasting emotional effects on the children and that many of them would prefer their families to stay together in spite of conflict between the parents. There is also US evidence of an effect on the children's educational achievement.

5. So why have overall numbers of lone parent families in Britain gone up? Two main reasons, reflected in figures on the marital status of lone parents (Annex 3), are:

5.1 Marriage breakdown. Two-thirds of the increase in lone mothers between the early 1970s and mid-1980s was due to growth in divorced lone mothers. Their numbers more than trebled, to around 410,000. This reflects a virtual doubling in annual numbers of divorces over that period. These lone mothers are now the largest single group of lone parents, at 40%. Separated lone mothers make up a further 19%.

5.2 More unmarried parenthood. The second largest group of lone parents now (about 25%) - unmarried mothers - more than doubled between the early 1970s and mid-1980s to a little under 250,000. It grew particularly fast in the early 1980s, when it rose by half. Around one in seven unmarried mothers is aged 16-19. But half are around 25 or older. Also, half of births of children outside marriage are to parents living together at the time. These together suggest that the increase in numbers of unmarried lone mothers is probably substantially due to growth in unmarried relationships among couples in their 20s and 30s, whose subsequent break up produces unmarried rather than divorced/separated lone parents.

6. No well-grounded predictions of future numbers of lone parent families are available. However, numbers rose more slowly during the 1980s than in the 1970s - for example, they rose 31% between 1971 and 1976 compared with 12% between 1981 and 1986. Given the projection for a small increase in the population over age 16 to the year 2000 and that there is likely to be a continuing rise both in marital breakdown and births outside marriage (some within stable relationships), the upward trend seems set to continue, albeit at a slower rate.

7. What should be the response? It may not be possible to change people's moral attitudes, but there are two things which need to be remembered:

7.1 it is important to guard against creating perverse incentives to lone parenthood or reducing disincentives to it;

7.2 marriage breakdown is the largest single route into lone parenthood and there is evidence that some couples who divorce regret their decision afterwards.

LONE PARENTS AND DEPENDENCE ON BENEFIT

8. A second issue, and the central one, about lone parent families is their heavy and growing dependence on supplementary benefit (now

income support). This has increased faster than the overall level of lone parenthood itself. In May 1988, 720,000 lone parent families - some two-thirds - were claiming income support. This compares with 320,000, (about 40%) claiming supplementary benefit in 1979. Benefit expenditure for lone parents increased in real terms from about £1.1 billion in 1978/9 to £2.7 billion in 1988/89. Only a very small minority - about 7% - of the lone parents claiming income support have earnings from part-time work. Some 18% of all lone parents are in full-time work - some claiming family credit. The rest (around 15%) live on other income - likely to be maintenance and/or earnings from part-time work. More details of lone parent families claiming benefit are at Annex 3.

9. Again the picture needs to be filled out. Not all these lone parents are in long-term dependence on benefit. Around half of all lone parents leave lone parenthood within about five years (paragraph 3), and similarly some lone parents spend less time on benefit than others. In 1987, 58% of lone mothers receiving supplementary benefit had been claiming for less than three years and 75% for less than five years. Forty three per cent of divorced mothers had been claiming for less than three years; for unmarried mothers the figure was higher, at 58%. But nonetheless, more lone parents spend some time dependent on benefit than in the past and some are dependent for long periods: the snapshot picture in 1987 showed 27% of unmarried and 37% of divorced lone mothers had claimed for five years or more. These figures clearly demonstrate a major problem.

10. Why are lone parent families so dependent on benefit, and why has their dependence increased? There are two major reasons:

10.1 a high, and growing, proportion of them do not work;

10.2 they receive less maintenance from absent husbands and fathers than in the past.

Why lone parents do not work

11. Around 57% of lone parents do not work (a little higher than the 48% of married mothers who do not work). Moreover, the proportion of

lone parents not working has grown: it was 52% in 1979. Probable reasons for this increase are:

11.1 more of them have young children. 55% of lone parents now claiming benefit have at least one child under age 5, compared with 42% in 1979. It is likely that, for about half of all lone parent families, the youngest child will be under age 5 at entry into lone parenthood. The proportion of lone parents in work (full or part-time) increases significantly once their youngest child reaches school age - it triples from 18% to 55%. This shows very clearly the impact that care of their children can and does have on lone parents' ability to take paid work. At the same time, care of children of primary school age is also important. Eighty two per cent of lone parents claiming income support have at least one child under age 11 (Annex 3).

11.2 job availability. Lone parents will inevitably have been affected to some degree by the general level of unemployment, particularly since they are a group on the fringes of involvement with the employment market.

12. Other probable reasons why lone parents do not work are:

12.1 attitudes to mothers working. Three quarters of all adults think mothers with children under 5 should not work, and many lone parents take the same view (they may even, as sole parents, feel under some social pressure on this issue). In a study of lone mothers on benefit in 1982, 56% of those with children under 5 and not working said one reason for not working was that their children were too young. Moreover, 60% of all adults think that, even where children are in their early teens, mothers should work part-time at most;

12.2 stress of marriage breakdown. The emotional and other disruption and pressure which accompanies separation and divorce - including the upset caused to children, which the lone parent has to cope with - makes it more difficult for her to hold down or take a job. Research suggests this disruption can go on for two years or more. Break-up of long-standing unmarried cohabiting relationships is likely to have similar effects;

12.3 poor work incentives. Particularly if they cannot find free or low cost child care (eg a relative or friend) and so face child care costs, lone mothers - who have generally very low levels of skills and work experience and are not required to be available for work as a condition of benefit - often have little incentive to work. Average net income of lone mothers in full-time work is only around 70% of that of two-parent families with children and one earner, and couples have a further advantage: in about half of two-parent families with children, income is supplemented by earnings of the second partner. The net income after housing costs of a lone parent with earnings of £125 per week from full-time work and with two children under 11 is only about £35 more than if on income support, before counting the cost of child care. Yet many lone parents want to work, and may need only help and encouragement.

Lack of maintenance

13. A second reason for lone mothers' heavy and growing dependence on benefit is lack of maintenance from absent husbands and fathers. This has not increased in line with numbers of lone parent families claiming benefit. Far from it. In real terms it has actually fallen slightly between 1979 and 1988 (from £130 million to £126 million). For 77% of all lone mothers claiming income support the absent husbands/fathers pay no maintenance at all: this is so for 62% of divorced lone mothers and even more for separated and unmarried (75% and 88% respectively).

14. The moral and legal responsibility which absent husbands and fathers have to support their wives and children is absolutely clear and undisputed. So why has maintenance paid not increased in line with the growth in lone parents dependent on benefit? Some absent husbands and fathers will almost certainly have been unemployed. Further reasons why it has been, and continues to be, difficult to obtain maintenance are:

14.1 absent husbands and fathers may have other commitments, particularly second families - a third of divorced fathers with children remarry;

14.2 the procedure for obtaining a court order for maintenance is complicated and time-consuming. So is the procedure for seeking an increase if the man's circumstances improve. Pressure of other work on the courts can contribute to delays in dealing with maintenance cases;

14.3 court action will be a daunting prospect for a lone mother under emotional and other pressure. Yet, under the present system, if the man will not pay any maintenance she cannot receive any unless she goes to court;

14.4 the courts can face major difficulties in collecting maintenance once they have made an award.

15. This low level of maintenance and the difficulties faced by the present maintenance system are particularly serious for three major reasons:

15.1 absent husbands and fathers are far too often not meeting their clear responsibility to support lone parent families;

15.2 the maintenance system should be fast and thorough, so that actual and potential husbands and fathers are left in no doubt that they will be pursued for maintenance. This would have a positive disincentive effect to irresponsible behaviour. But the present system significantly fails to achieve this;

15.3 maintenance can provide very valuable help for lone parents who work. It can boost their income from earnings, whereas it is offset against their benefit if they claim income support. So lack of maintenance is a major handicap for lone parents who want to be more independent of state support.

16. The aim must be to make absent husbands and fathers accept their responsibilities to support the lone parent families and to pay a proper level of maintenance.

The availability of benefit

17. One other issue which has been much debated in the USA in recent years is to what extent dependency on income support, and lone parenthood itself, are encouraged by the availability of benefit. Charles Murray, a leading American academic, has argued that the availability of welfare benefits has created disincentives to work and marriage and so itself encouraged non-work, illegitimacy and poverty. Others have disputed that link, and argue that non-work and lone parenthood are self-destructive and do not serve the interests of the people concerned. They believe the poor would like to work and need the push that a requirement to work would give them. It is in this second direction that policy in the US has moved. Legislation passed last autumn requires States to introduce workfare and enrol an increasing percentage of welfare recipients in job opportunities and basic skills programmes. These will be supported by guaranteed child care during education, training or work experience and a child care allowance for 12 months once the recipient starts work. Lone parents and others will be required to take part unless they have a child disabled, ill or aged under 3. It is too early to see how this new legislation works in practice; but obviously the US experience will need to be monitored.

18. Some other countries also assume lone mothers should be employed. France and W. Germany apply the same 'work tests' to lone parents on benefit as to other claimants, and subsidised child-care provision is widely available. The Scandinavian countries take a similar line. In contrast, the recent, very thorough, Australian review of social security has decided that lone parents should have the opportunity to stay at home to care for their children, though at the same time financial or other barriers to work or family reformation should be minimised.

19. What effect has the availability of benefit in Britain had on lone parents' work rates? Research has been undertaken in Britain to examine different possible influences on employment among lone parents here over the last decade or so. But the results have been conflicting and inconclusive. Some suggest that the level of supplementary benefit or income support is an important factor in

determining lone parents' participation in the job market (though less so than the age of the child). Others suggest that a high unemployment rate in the lone parents' area significantly reduces participation and the level of benefit plays a comparatively small part. DSS has itself commissioned two research projects which should provide further information. One is a major study of lone parents (described in paragraph 23 below). A separate study has also been commissioned from the Institute for Fiscal Studies and is due to report in the next two months. We will look closely at the results of this work. Overall, however, it seems likely that a combination of influences is at work and there is no simple answer. This underlines the need for policy to seek a balance between, on the one hand, avoiding the creation of perverse incentives to lone parenthood and dependency and, on the other, providing proper support for lone parents and their children.

OTHER CHARACTERISTICS OF LONE PARENT FAMILIES

The inner cities dimension

20. Inner city areas have higher proportions of lone parent families, and of lone parents dependent on benefit, than the national average proportions (figures are at Annex 3). About 40 per cent of all lone parents live in local authority accommodation, and form 8 per cent of all local authority households. Some 60 per cent of all lone parents who are dependent on benefit live in local authority accommodation. So housing estates other than those in inner city areas also have a high concentration. These estates and inner city areas do not have a monopoly of lone parents but these high concentrations in inner cities and on housing estates need to be kept in mind.

Ethnic background

21. The overwhelming majority of lone parent families in Britain - 92% - are white, compared with 5% who are of West Indian origin, 1% of Asian origin and 2% classified "other". This is consistent with an overall population that is 94% white. The position is very different in the USA where, in the mid 1980s, 34% of lone parent families were black.

22. Lone parent families make up a substantial proportion - about 43% - of all West Indian and Guyanese families with children, compared with 12% of white families. But this needs to be seen in its broad context. The vast majority of lone parents are white. There would also be considerable sensitivity about policy objectives focussed specifically on certain ethnic groups. So a better approach to this is through other policy avenues which aim to help lone parents with particular problems such as lack of maintenance or work skills.

FURTHER INFORMATION ABOUT LONE PARENTS

23. DSS will have further information about lone parents (eg on reasons for lone parenthood) early next year, with the report of a major research project on lone parents. This will involve interviews with some 2,000 lone parents - some who are claiming income support and others who have stopped doing so. It will find out, for example, why they became lone parents, why those who are not working do not work and why those who have stopped needing income support have managed to do so. When it is available, this additional information will contribute to the work to develop the wide-ranging programme for action proposed in this report, and to further analysis of the problems of lone parent families' dependence on benefit.

SOCIAL SECURITY ARRANGEMENTS FOR ONE PARENT FAMILIES

Background

1. It is widely recognised that lone parents can face problems in combining the roles of breadwinner and child-carer. In particular they may be kept out of employment, and the higher income that goes with it, for relatively long periods by reason of their domestic responsibilities. The social security scheme therefore contains a number of provisions designed to recognise the additional needs of lone parents, including especially those of lone parents who take employment. Lone parents are also entitled to the equivalent of the married man's tax allowance.

One Parent Benefit

2. This benefit is exclusively for people, whether or not the natural parents, who have responsibility for bringing up a child on their own. It is payable in addition to Child Benefit, and is tax free. Normally it is paid irrespective of a claimant's other income but some people, like widows and pensioners, receive support for their children through additions to their main benefits, and so cannot receive One Parent Benefit as well. The weekly rate increased in April 1989 to £5.20 per family, more than double the rate which applied in May 1979.

Income Support

3. Lone parents on Income Support receive a special premium of £3.90 weekly in addition to the family premium and the basic personal allowance for themselves and their children. They are able to earn up to £15 a week in part-time work with no effect on their benefit (compared to £5 a week for single people on Income Support).

Housing Benefit

4. Housing Benefit is assessed on the same basis as Income Support. Both the special disregard on earnings from part-time work and a lone parent premium apply. The premium is at a higher rate than for Income Support.

Family Credit

5. Lone parents who work 24 hours a week or more can claim Family Credit. Because one parent families often have higher work-related expenses than others, they receive the same Family Credit as two-parent families. One Parent Benefit is disregarded in assessing their income.

Conclusion

6. Most help is given to lone parents who work, ie who gain from the earnings disregard under Income Support or who receive Family Credit. In cash terms lone parents working full-time and claiming family credit would receive slightly more overall than two-parent families in otherwise identical circumstances, because they receive one parent benefit as well. But this reflects the fact that lone parents have the same responsibilities as an equivalent two-parent and are likely to need outside help (for child care) if they work. Non-working lone parents will receive less Income Support than an equivalent two-parent family.

LONE PARENTS FAMILIES AND DEPENDENCY - IDEAS FOR BENEFIT CHANGES

OBJECTIVES AGAINST WHICH THE IDEAS BELOW HAVE BEEN ASSESSED

Change should:

- (i) reduce lone parents' dependency on Income Support, or at least check its growth, by improving incentives for lone parents wanting to do a significant amount of work;
- (ii) improve incentives in a way which recognises the problems faced by lone parents in work (eg child care needs) and is well-targeted, without providing any perverse incentive to lone parenthood or undue help to lone parents compared with two parent families;
- iii. be constructive, ie give extra help to lone parents who work, rather than penalising lone parents who do not work;
- iv. avoid undue cost.

IDEAS EXAMINED

COMMENTS

INCOME SUPPORT (available to those not working or working part-time)

1. Increase the lone parent earnings disregard for some or all lone parents.

This would do nothing for those wishing to work full-time, and would give a steer away from full-time work by reducing the gap between income in and out of work. In its crudest form it could encourage dependence on benefits and part time work.

2. Disregard childcare costs for lone parents only.

Unless similar change were made to Family Credit, this would encourage part-time, not full-time work. It would distort choices (eg some using unpaid, informal care would switch to paid care) and encourage escalating charges. It would be expensive. Could attract criticism from married mothers.

FAMILY CREDIT (available to those on low income with children and in full-time work)

3. Help with child care costs for lone parents only.

As with a child care costs disregard in Income Support, this would mean people switching to paid care, and escalating charges. Expensive. Could attract criticism from married mothers.

threshold).

5. Increase the adult credit for lone parents.
6. Reduce the minimum hours of work from 24 to 20 hours required for eligibility for family credit, for lone parents.
7. Give help with mortgage interest to lone parents receiving Family Credit. (Lone parents receiving Income Support receive this help but lose it if they leave Income Support and start full-time work.)

ONE PARENT BENEFIT

8. Substantially increase One Parent Benefit for lone parents on Family Credit.
9. Substantially increase One Parent Benefit for all lone parents.
10. Abolish or reduce One Parent Benefit.

HOUSING BENEFIT (available to those on low income in full-time or part-time work or not working)

11. Treat all lone parents as couples for Housing Benefit.

threshold applied to them as to two-parent families. To increase the threshold for all families on family credit would quadruple the extra cost.

As for 4 above.

This would simply re-define full time work rather than encourage lone parents to work more and could lead some lone parents to reduce hours worked from 24 to 20.

Proportionately few lone parents likely to be eligible for FC would benefit and the number likely to be encouraged back to work earlier would be small. It would be very difficult to defend doing this just for lone parents. But to do it for everyone claiming Family Credit would be prohibitively expensive - around £600 million a year.

For lone parents with only marginal entitlement to Family Credit this would create withdrawal rates considerably over 100% if increased earnings extinguished their Family Credit. It could also be criticised if child benefit is not similarly increased.

Increase would mainly help those not in receipt of any means tested benefit. It could also be criticised if child benefit is not similarly increased.

Abolition or reduction would diminish lone parents' incentives to move off Income Support into full time work because it is an in-work benefit (Income Support recipients do not benefit from One Parent Benefit).

This would not focus help on lone parents who undertake work. It would also contradict the decision to treat lone parents in Housing Benefit as single people from April 1988.

12. Improve Housing Benefit for lone parents receiving family credit (ie low-income lone parents in full-time work).

this would create a cliff edge, (withdrawal rates of over 100%) because the extra Housing Benefit would be withdrawn if increased earnings extinguished entitlement to Family Credit.

13. Improve Housing Benefit for lone parents working more than 24 hours (24 hours' work is the minimum required for Family Credit).

This would aim to avoid the "cliff edge" created if Housing Benefit were improved for lone parents only if receiving Family Credit. But it would be very difficult for local authorities to operate, and it would not provide help to lone parents who want to increase their work effort and earnings but cannot work full-time because of child care responsibilities.

HOW LONG LONE PARENTS SPEND AS LONE PARENTS

Studies suggest:

1. around half of all lone parents leave lone parenthood within about five years, mostly through marriage or remarriage;
2. of lone parents who were previously married, half cease to be a lone parent in less than five years;
3. of unmarried lone parents, over a quarter leave lone parenthood in less than one year, and half leave in less than three years;
4. but around a quarter of both unmarried and previously married lone mothers spend over 10 years in lone parenthood; and
5. longer durations of lone parenthood are linked with
 - older lone mothers,
 - those with larger families,
 - employment since having become a lone parent, and
 - a previous manual occupation.

(continued)

Trends in the number and type of lone-parent families in various countries

Country	Year	Number (000s)	Percentage Increase in Lone Parents	Widowed	Type % Divorced	Separated	Unmarried
FR Germany	1970	750		39	33	16	13
	1982	930	24	25	43	18	13
France	1968	720		54	17	21	8
	1982	890	24	31	39	15	15
Netherlands	1971	220		63	16	12	6
	1983	280	27	23	59	5	13
UK*	1971	570		21	21	30	16
	1984	940	65	12	40	18	21
Australia	1975	170		27	21	41	11
	1982	300	76	14	37	30	19
US - White	1970	2,600		24	-----73-----		3
	1984	5,500	116	9	-----76-----		15
US - Black	1971	1,150		16	-----69-----		15
	1984	2,800	143	6	-----44-----		49

* Breakdown of UK "Type" does not include families headed by lone fathers. In both years these ran out to about 10%.

DIVORCES - UNITED KINGDOM

<u>Year</u>	<u>Number</u> (000)
1971	80
1976	136
1981	157
1983	162
1985	175
1986	168

Note

Between 50%-60% of couples who divorce have children aged under 16.

LONE PARENTS CLAIMING SUPPLEMENTARY BENEFIT

Ages of Children

<u>Age of -Youngest Dependant</u>	<u>Women</u>				<u>Men</u>	
	<u>Unmarried</u>	<u>Widowed</u>	<u>Divorced</u>	<u>Separated</u>	<u>Unmarried</u>	<u>Separated</u>
Under 5 yrs	190,537 (76%)	1192 (12%)	53,070 (28%)	93,947 (52%)	2097 (11%)	2640 (24%)
5-10 yrs	43,499 (17%)	2249 (23%)	68,503 (36%)	54,491 (30%)	6197 (32%)	3953 (37%)
11-12 yrs	5,745 (2%)	1392 (14%)	19,518 (10%)	10,987 (6%)	2935 (15%)	1547 (14%)
13-15 yrs	6,947 (3%)	2934 (30%)	36,447 (19%)	16,833 (9%)	5352 (28%)	2199 (20%)
16 yrs +	2,617 (1%)	1892 (20%)	11,031 (6%)	4,893 (3%)	2514 (13%)	444 (4%)

ASE May 1987

Figures in brackets are percentage figures per group.

LONE PARENTS CLAIMING SUPPLEMENTARY BENEFIT

ANNEX 3
(continued)

Age Ranges of Claimants

<u>Age of Claimant</u>	<u>Women</u>				<u>Men</u>	
	<u>Unmarried</u>	<u>Widowed</u>	<u>Divorced</u>	<u>Separated</u>	<u>Unmarried</u>	<u>Separated</u>
16-19	36,901 (15%)	—	100 (0.05%)	3,196 (2%)	150 (0.8%)	—
20-34	191,843 (77%)	1,490 (15%)	87,811 (47%)	121,914 (67%)	5,090 (27%)	4,147 (38%)
35-49	18,999 (8%)	4,540 (47%)	90,451 (48%)	51,243 (28%)	9,298 (49%)	5,537 (51%)
50-59	1,349 (0.5%)	2,547 (26%)	9,139 (5%)	4,599 (3%)	3,154 (17%)	849 (8%)
60+	247 (0.1%)	1,083 (11%)	1,069 (0.6%)	199 (0.1%)	1,403 (7%)	250 (2%)
Total	249,339	9,660	188,569	181,151	19,095	10,784
<u>Average Age of claimant</u>	25.11	45.91	35.66	31.56	41.46	37.90

(ASB 1987)

CONCENTRATION OF LONE PARENTS IN INNER CITY AREAS

A. Counties with the highest proportions of lone parents (expressed as a percentage of the proportion for Great Britain):

	per cent
1. Greater London	135
2. Greater Manchester	116
3. Merseyside	115
4. East Sussex	115
5. South Glamorgan	111
6. Tayside	110
7. West Yorkshire	110
8. West Midlands	109
9. Cleveland	109
10. Tyne and Wear	107

B. Areas at County District level with the highest proportions of lone parents (expressed as a percentage of the proportion for Great Britain):

	(County/Region in which contained)	Percent
1. Lambeth	Greater London	230
2. Hackney	Greater London	223
3. Hammersmith	Greater London	210
4. Islington	Greater London	202
5. Southwark	Greater London	202
6. Camden	Greater London	200
7. Westminster	Greater London	187
8. Kensington and Chelsea	Greater London	185
9. Wandsworth	Greater London	185
10. Tower Hamlets	Greater London	181
11. Manchester	Greater Manchester	178
12. Lewisham	Greater London	170
13. Haringey	Greater London	162
14. Nottingham	Nottinghamshire	160
15. Brent	Greater London	150
16. Glasgow City	Strathclyde Region	145
17. Liverpool	Merseyside	141
18. Brighton	East Sussex	139
19. Greenwich	Greater London	136
20. Dundee City	Tayside Region	134

NUMBERS OF LOWE PARENTS - GREAT BRITAIN

	<u>1971</u>		<u>1976</u>		<u>1986</u>	
	<u>Number</u> (000)	<u>Percentage</u>	<u>Number</u> (000)	<u>Percentage</u>	<u>Number</u> (000)	<u>Percentage</u>
<u>Women</u>						
Divorced	120	21	230	31	410	41
Separated	170	30	185	25	190	18
Widowed	120	21	115	15	80	8
Unmarried	90	16	130	17	230	23
<u>Men</u>	<u>70</u>	<u>12</u>	<u>90</u>	<u>12</u>	<u>100</u>	<u>10</u>
<u>Total</u>	570	100	750	100	1010	100

LONE PARENTS ON SUPPLEMENTARY BENEFIT

	1981	1986	% change
Inner London			
Hackney	4000	5600	42
Lambeth	5300	7200	36
Lewisham	2500	5100	100
Southwark	3400	6300	85
Tower Hamlets	2600	3900	50
Wandsworth	3300	4300	29
Birmingham	10300	18100	76
Bradford	3600	6200	70
Coventry	2700	4500	64
Leeds	6100	9100	48
Liverpool	6600	11600	75
Manchester	6900	11000	60
Newcastle-upon-Tyne	2500	4600	83
Salford	2400	3700	54
Sheffield	3300	6500	98
Sunderland	2500	4200	67
Wolverhampton	2200	4000	79
ALL ABOVE "INNER CITY" AREAS	70500	116000	65
ENGLAND AND WALES	317100	528800	67

Note: Choice of areas examined was based on judgements about which boroughs were likely to have high levels of dependence, not on analysis of all areas.



Handwritten initials 'C.P.H.' and a checkmark

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Prime Minister

LONE PARENTS AND DEPENDENCY

As you know, we did not have sufficient time on Tuesday to discuss the report on lone parents I circulated with my minute of 16 June. I thought that it might help our discussion, which is now set for 19 July, if I were to set out how I think we might handle this package.

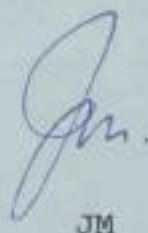
2. There has been a great deal of interest in, and speculation by, the press on this whole subject, and I did initially think that we should make an announcement before the recess. On reflection, however, I think that it would be better not to do so. Most of the issues have yet to be finally resolved, and any announcement now might seem somewhat negative. I therefore suggest that, subject to there being general agreement to the proposals set out in my paper, we should not make any statement before the House rises.

3. I suggest instead that we should take forward the public debate in 3 stages. The first step would be to produce a background information note for MPs and interested organisations at the same time as Nicholas Ridley's announcement about the homelessness review in August or September. We should be sufficiently clear about proposals for maintenance in the shorter term to be able to say something more positive about this, and

about how we are tackling the longer term position in my speech to Party Conference as the second step. The proposal on benefits will be considered in the PES round and arrangements resulting from that could be included in the uprating statement in October, as the third step.

4. I am copying this minute to Nigel Lawson, James MacKay, Douglas Hurd, Peter Walker, Malcolm Rifkind, John Major, Norman Fowler, Nick Ridley, Kenneth Baker, Kenneth Clarke, David Waddington and Sir Robin Butler.

14 July 1989



Handwritten signature of James MacKay in blue ink.

JM

Social Services & PTH



Uplating

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fbi

PRIME MINISTER

LONE PARENTS: MEETING ON 19 JULY

You will recall that the planned meeting on Lone Parents last Wednesday had to be postponed as we had run out of time. It is now rescheduled for next Wednesday.

The main papers are as before, namely:

Flag A John Moore's minute and detailed paper

Flag B Comment from the Lord Chancellor

Flag C Cabinet Office brief

Flag D Policy Unit brief

You have already been through these papers. But John Moore has also now sent you a further minute, at Flag E. He now reports that, after further consideration, he has thought better of making an announcement before the Recess. Instead, he suggests taking the public debate forward in slower time, starting with a background information note for MPs and interested organisations to coincide with Nicholas Ridley's Homelessness Review announcement in August/September. This would be followed by a Party Conference announcement on maintenance and the longer term position; with the proposals on benefits coming in the October uprating system.

This revised approach does perhaps raise the question whether you need to have a meeting at all next week. But on balance I think this is probably still appropriate, particularly if there are aspects of his work programme (e.g., on child care) that you wish to question along the lines recommended by Andrew Dunlop (Flag B).

Content still to proceed with Wednesday's meeting?

PG

14 July, 1989.

Recd.

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●
PRIME MINISTER 2

SOCIAL SECURITY BILL

I am afraid Their Lordships are at it again: the Opposition won an amendment by 10 votes to extend Mobility Allowance to anyone who is 'deaf and blind or is suffering from severe mental handicap so that they are unable to walk without supervision'.

Although John Moore has some sympathy with the proposition that the Mobility Allowance should be extended to those groups, he is also very conscious of possible public expenditure implications and his first instincts are to get the amendment overturned. Estimates of the cost of the amendment fall widely at present from between £10 million to up to £100 million. One option John Moore will look at is limiting the extension of Mobility Allowance to those who are deaf and blind: a much easier group to define and the cost of which is likely to be well under the £10 million mark.

DM

DOMINIC MORRIS

12 July 1989



file 111

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 July 1989

Dear Linda

I am writing to confirm the new time for the meeting on lone parents. This will take place at 11.00 am on Wednesday 19 July. I understand the meeting should take less than one hour.

I am copying this letter to the Diary Secretaries to the Home Secretary, the Secretaries of State for Health, Employment, Scotland, Education, Environment, the Lord Chancellor, the Chief Whip, the Secretary of State for Wales and to Richard Wilson (Cabinet Office).

*Yours sincerely
Amanda*

(MRS. AMANDA PONSONBY)

Miss Linda Oliver,
Department of Social Security

DT



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

1. DMJ - to cur
2. CF - pe

2/11

10 July 1989

RACG
mt

Dear Colleague,

OCTOBER UPDATING FOR LESS WELL OFF PENSIONERS

Last November I told the House that there would be an additional benefit updating this October for older and for disabled pensioners. Over the next few weeks, I will be writing to pensioners who may benefit with a leaflet about the changes, a copy is enclosed. We will also be running advertisements in the national press from 16 July. I thought you might like some background information in case any of your constituents raise the matter with you.

The extra money will go to pensioners over 75 and to disabled pensioners over 60 who get income related benefits. Almost everyone in these groups who is already on income support will get an extra £2.50 (single) or £3.50 (couple) per week from 9 October - on top of any transitional protection in payment. The increase should be paid automatically, but anyone who might be eligible who has not heard from DSS by 9 October should get in touch with their local office.

Those who receive housing benefit but not income support will also be eligible for increases of up to £2.50 or £3.50. Again, these should be paid automatically - any queries should go to the local authority housing benefit department.

My letter will also go to some pensioners not currently receiving either benefit who will in fact be eligible from 9 October. They should make a claim to their local office or local authority.

More detail on the changes is set out in the annex, which you may find helpful. It has also been sent to local authorities, the Citizens Advice Bureaux and other advisory services.

JOHN MOORE

**Income Support and Housing Benefit
changes**

INFORMATION FOR ADVISERS

These notes are about changes to Income Support and Housing Benefit from 9th October 1989.

If you have any questions about these changes, ring Freeline Social Security on 0800 666 555.

Contents

- What will change in October 1989
- About the main changes
- Other changes
- Transitional protection and transitional payments
- What people need to do
- Publicity
- Rates of premiums for pensioners
- Where to get more information.

What will change in October 1989

- A new Income Support premium will be introduced for people who are 75 to 79 years old.
This new premium will be called the *Enhanced Pensioner Premium*.
- The amount of the Income Support Higher Pensioner Premium will be increased.
The *Higher Pensioner Premium* is for people who are
80 or over,
or 60 or over, and getting Attendance Allowance, Mobility Allowance,
Severe Disablement Allowance, Invalidity Benefit
or 60 or over and registered blind
or 60 or over and have been given an invalid carriage.
- Housing Benefit premiums for the above groups of people will be increased by the same amounts as Income Support premiums.
- There are 2 minor changes to the rules about premiums for pensioners who choose to start getting Retirement Pension instead of Invalidity Benefit and pensioner couples who have earnings.
- The Pensioner Premium will not change.

About the main changes

Who will gain from these changes

The changes apply to

- people who are 75 or over
- disabled people who are 60 or over.

We use *disabled* to mean people who are getting Attendance Allowance or Mobility Allowance or Invalidity Benefit or Severe Disablement Allowance. Or people who are registered blind or have been given an invalid carriage.

Most people in these groups who are already getting Income Support or Housing Benefit will get more money.

Some people who are not getting Income Support or Housing Benefit at the moment are expected to become entitled to one or both of these benefits as a result of the changes.

Some people who only get Income Support because of transitional protection will not get more money. There is more information about transitional protection on the next page.

How much extra money people will get

- Single people will get up to £2.50 a week more.
- Couples will get up to £3.50 a week more.

What will happen

People who are already getting Income Support, will not normally have to do anything to get any extra Income Support. Local Social Security offices will re-assess cases automatically. Letters explaining the increase will be sent from April 1989 onwards. But people should get in touch with their local office if they have not had a letter by 9th October and they think that they are entitled to the increase.

Other people

There will be a publicity campaign to tell other people about the changes. The publicity will be aimed particularly at people who are not getting Income Support or Housing Benefit at the moment but who may become entitled to one or both of these benefits as a result of the changes. There is more information about the publicity on page 6 of this leaflet.

People who are already getting Housing Benefit only, will not have to do anything to get any extra Housing Benefit. But they should claim Income Support if they think they could start getting it as a result of the changes. Local councils will re-assess Housing Benefit cases as part of their normal renewal procedures.

Other changes

There are 2 other changes to the rules about premiums. These changes only affect pensioners.

Pensioners who choose to start getting Retirement Pension instead of Invalidity Benefit

Men can get Invalidity Benefit until they are 70. Women can get Invalidity Benefit until they are 65.

Before 9th October 1989

People who are getting Income Support or Housing Benefit lose the Higher Pensioner Premium if they choose to start getting Retirement Pension instead of Invalidity Benefit before they are 70 or 65.

From 9th October 1989

People who are getting the Higher Pensioner Premium will keep it even if they choose to start getting Retirement Pension instead of Invalidity Benefit.

- Some people may choose to start getting Retirement Pension before 9th October 1989. This could be because earnings will not affect Retirement Pension from 1st October 1989. But people who are thinking about changing from one benefit to another should think carefully about when to change over. It is not a good idea to start getting Retirement Pension instead of Invalidity Benefit before 9th October 1989.

Pensioner couples who have earnings

Before 9th October 1989

The amount of the Disability Premium and the Higher Pensioner Premium is the same. But the Disability Premium is given instead of the Higher Pensioner Premium if

- one of the couple qualifies for the Disability Premium

and • the other person qualifies for the Higher Pensioner Premium.

This is because the couple may get more money this way. If the Disability Premium is in payment, the first £15 of earnings is ignored. If the Higher Pensioner Premium is in payment, only the first £5 or £10 of earnings is ignored.

From 9th October 1989

The amount of the Higher Pensioner Premium and the Enhanced Pensioner Premium will be more than the amount of the Disability Premium. So the Higher Pensioner Premium or the Enhanced Pensioner Premium will be given instead of the Disability Premium if

- one of the couple qualifies for the Disability Premium
- and • the other person qualifies for the Higher Pensioner Premium or the Enhanced Pensioner Premium.

This is because the couple will get more money. But the first £15 of earnings will still be ignored as long as one of the couple qualifies for the Disability Premium.

Transitional protection and transitional payments

Transitional protection is part of Income Support. It is extra money that has been added onto Income Support since April 1988. It was introduced to make sure that people did not lose money because of the change from Supplementary Benefit to Income Support.

Transitional protection normally goes down if there is an increase in an Income Support premium. But transitional protection will **not** go down because of the change on 9th October. This is because it is intended that as many people as possible should get the full amount of this increase.

Some people who were getting Supplementary Benefit in April 1988 are only entitled to Income Support because they get transitional protection.

This is because they have more money coming in, apart from transitional protection, than they need to get Income Support. Most of these people will get some extra money from October. But a small number will not get any increase. These are people who will still have more money coming in, apart from transitional protection, than they will need to get Income Support from October.

Transitional payments are for people who lost some or all of their Housing Benefit because of the changes that were introduced in April 1988. Transitional payments are not part of Income Support. They are paid by a separate unit in Glasgow.

The changes in October will not make any difference to transitional payments.

What people need to do

People who are already getting Income Support do not need to do anything. But people who have not had a letter by 9th October should get in touch with their local Social Security office.

People who are already getting Housing Benefit, but not Income Support, do not need to do anything to get the increase in Housing Benefit. But they should claim Income Support if they think they could start getting Income Support.

How to work out who should claim because of the changes

Income Support

As a rough guide,

- **single people** should claim if they have up to £2.50 a week more coming in than they need to get Income Support at the moment.
- **couples** should claim if they have up to £3.50 a week more coming in than they need to get Income Support at the moment.

The amounts below are a rough guide to how much people can have coming in each week from October and be entitled to Income Support.

People aged 75 to 79

Single people should claim Income Support if they have less than **£48.60** a week coming in

Couples should claim Income Support if they have less than **£75.35** a week coming in

People aged 80 or over

Single people should claim Income Support if they have less than **£51.10** a week coming in

Couples should claim Income Support if they have less than **£77.80** a week coming in

People aged 60 to 79 and disabled

Single people should claim Income Support if they have less than **£51.10** a week coming in

Couples should claim Income Support if they have less than **£77.80** a week coming in

Housing Benefit

Some people may be able to get Housing Benefit even if they cannot get Income Support. For example people who have between £6,000 and £8,000 in savings.

It is not possible to give a rough guide for Housing Benefit as for Income Support. This is because whether a person can get Housing Benefit, and how much they can get, depends on things like

- their age
- how much money they have coming in
- how many other people live with them
- how much they pay for rent and rates in England and Wales
- how much they pay for rent and Community Charge in Scotland.

But the example on the next page gives an idea of the type of people who may become entitled to Housing Benefit as a result of the changes in October. It also explains how Housing Benefit is worked out.

What people need to do

— continued

Housing Benefit example

This example is for a pensioner, aged 76, paying rent of £16 and rates of £6

Before 9th October 1989		From 9th October 1989		
A	Money coming in	£70.00	A Money coming in	£70.00
B	Amount needed	£46.10	B Amount needed	£48.60
	£34.90 — Personal Allowance		£34.90 — Personal Allowance	
	£11.20 — Pensioner Premium		£13.70 — Enhanced Pensioner Premium	
C	The difference between A and B	£23.90	C The difference between A and B	£21.40
D	Rent Rebate	£ 0.46	D Rent Rebate	£ 2.09
	The difference between		The difference between	
	£16.00 — rent		£16.00 — rent	
	£15.54 — 65% of amount at C		£13.91 — 65% of the amount at C	
	Rate Rebate	£ 0.02	Rate Rebate	£ 0.52
	The difference between		The difference between	
	£4.80 — 80% of £6 rates		£4.80 — 80% of £6 rates	
	£4.78 — 20% of amount at C		£4.28 — 20% of amount at C	
E	Housing Benefit	NIL	E Housing Benefit	£ 2.61
		Less than		
		50 pence a week		
		of either benefit		
		cannot be paid		

When people should claim

From July 1989.

Local Social Security offices can take claims from July from people who may become entitled to Income Support in October. But the extra money will not be paid before 9th October 1989.

Local councils can take claims from July from people who may become entitled to Housing Benefit in October. But the changes will not take effect before 9th October 1989.

How people should claim

Income Support — By filling in the short form at the end of leaflet NP 1. There is more about this leaflet on the next page.

Housing Benefit claimed separately from Income Support — by filling in the normal Housing Benefit claim form. People should get this form from their local council.

Rates of premiums for pensioners

The old and new rates are set out below. The rates are the same for Income Support and Housing Benefit.

From 10 April 1989			From 9 October 1989		
	Single people	Couple		Single people	Couple
Pensioner Premium	£11.20	£17.05	Pensioner Premium	£11.20	£17.05
Higher Pensioner Premium	£13.70	£19.50	Enhanced Pensioner Premium	£13.70	£20.55
			Higher Pensioner Premium	£16.20	£23.00

Where to get more information

There is more information about Income Support and Housing Benefit in the leaflets listed below. You can get these leaflets from any Social Security office. Or write to

DSS Leaflets Unit
PO Box 21
Stanmore
Middlesex
HA7 1AY

SB 20 A guide to Income Support
SB 1 Income Support Cash help
RR 2 A guide to Housing Benefit
RR 1 Housing Benefit help with rent and rates
CCR 1 Help with the Community Charge

Publicity

People who are already getting Income Support or Housing Benefit and who are entitled to the increase, will get a letter from their local Social Security office or local council. The letter will explain the increase and tell people how much they will get. The letters will be sent from April 1989 onwards.

Pensioners who are not already getting Income Support and who are 75 or over, will get an individual letter and leaflet NP 1. This leaflet will explain the changes and will include a short form to claim Income Support. It will also tell people how to claim Housing Benefit.

The letter and leaflet will be sent out over a number of weeks in July.

There will be a general publicity campaign during July, aimed at people who are 60 or over. Leaflet NP 1, and a poster, will also be in post offices from July.

Information will be available from Freeline Social Security from April onwards. The number is 0800 666 555.

NP 1 July 1989



Pensioners

Extra Money



— see if you are entitled

Extra Money from October 9 – see if you are entitled.

Income Support is being increased from October 9 for people aged 75 or over, or 60 or over and disabled.

The increase is up to £2.50 a week for a single person, or up to £3.50 a week for a couple.

If you already get Income Support, you do not need to claim – any extra money will be in your next order book.

If you get Housing Benefit only, you could also get an increase. If so the benefit will be adjusted by the local council from October.

If you do not at present get either benefit read on. The rest of this leaflet will help you decide whether to claim.

Could you claim? This is a broad guide.

You could still be entitled if your money coming in is slightly more.

INCOME SUPPORT

People aged 75 to 79

If you are single
with less than £48.60
per week coming in.

If you have a partner
with less than £75.35
per week coming in.

People aged 80 or over

If you are single
with less than £51.10
per week coming in.

If you have a partner
with less than £77.80
per week coming in.

People aged 60 to 79 and disabled (that is, receiving Attendance, Mobility or Severe Disablement Allowance or Invalidity Benefit or registered blind).

If you are single
with less than £51.10
per week coming in.

If you have a partner
with less than £77.80
per week coming in.

You can have more than these amounts coming in if you are bringing up children.

Attendance allowance and Mobility allowance are generally not counted as money coming in.

You can get Income Support even if you have up to £6,000 in savings. If you have a partner, their savings are counted with yours.

For free advice, call **0800 666 555**.

The call will cost you nothing.

What to do.

To apply for Income Support, please fill in the form overleaf, and send it to your local Social Security Office.

You can find the address to send it in the phone book under Social Security or Health and Social Security. You can get a special postage paid envelope at your post office.

To apply for Housing Benefit, get in touch with your local council. The address is in the phone book – ask to speak to someone in the Housing Benefit section.

If in doubt claim now. There is nothing to lose.

This leaflet gives general guidance only.

Form to claim

Income Support

Surname

Title

Other names

Address

Postcode

Date of birth

I want to claim Income Support

Signature

Date

Housing Benefit.

Housing Benefit is paid by local councils to help with rent and rates (Community Charge in Scotland). You can have up to £8,000 in savings and still claim. If you get Income Support, you will normally get Housing Benefit as well. You may get Housing Benefit but not Income Support if your money coming in is a bit more than that shown inside.

To find out more get in touch with your local council. Ask for the Housing Benefit section.

NPI

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File to

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 July, 1989.

Thank you for your letter of 6 July enclosing a selection of correspondence which your Secretary of State has recently received in support of Government policies. The Prime Minister has seen this material, and has commented that they are remarkable letters which are very helpful; she is glad to have seen them.

Returned ←

Paul Gray

Jeremy Groombridge, Esq.,
Department of Social Security.

BB



10 DOWNING STREET

Prime Minister

LONG PARENTS

You saw all the papers
over the weekend - now
re-submitted in case you
want a quick look this
evening.

PLC6

10/7

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PRIME MINISTER

MEETING ON LONE PARENTS: 11 JULY

Following next Tuesday's E(LF) discussion on homelessness you have a separate meeting with a smaller group to discuss John Moore's report on lone parents.

You have already seen John Moore's paper and some earlier comments from Andrew Dunlop. You also had a brief word with John Moore about this when you saw him earlier this week.

For the most part his paper points to the need for further work. You will want to:

- settle the areas on which he should concentrate
- consider whether there are any he should leave to one side (as recommended by Andrew Dunlop)
- consider whether the work is sufficiently advanced to justify an interim statement.

The papers enclosed are

Flag A John Moore's covering minute and paper.

Flag B Comments from the Lord Chancellor on maintenance payments.

Flag C Cabinet Office steering brief.

Flag D Revised briefing from Andrew Dunlop.

rec.

Paul Gray

7 July 1989

MFJAJF

7 July 1989

LONE PARENTS

You are holding a meeting of Ministers next week to consider how to handle the way forward on John Moore's proposals.

There are two main issues to be resolved:

- How extensive do you want the initiative on lone parents to be?
- What detailed items from John Moore's agenda do you wish to pursue?

First, the strategy: In my last note (29 June) I argued against launching a major initiative in this area. I still believe that there are strong arguments for sticking to this course:

- the DSS still has insufficient information to undertake a proper analysis of the problem;
- many of the proposals in John Moore's paper are very sketchy and don't provide a proper foundation on which to proceed;
- a major announcement would raise expectations which would not be fulfilled by the package envisaged by DSS; as a consequence there is a danger that the vacuum would be filled by a host of pressure groups with an expensive list of demands.

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Second, the policies: while it would be unwise to launch an initiative on a broad front, there is a strong case for tightening up the system of maintenance. I am sceptical of the other specific proposals in John Moore's paper. They either send the wrong signals about Government policy or raise the rate of return from being a lone parent. Lone parents have done relatively well as a group compared with other disadvantaged groups.

The three specific policy proposals in John Moore's paper on which to concentrate are:

1. Maintenance: In the short-term John Moore wants to tighten up the administrative arrangements by which the DSS pursues liable relatives for maintenance on behalf of benefit claimants. This is fine as far as it goes. But you will want to press John Moore on:

- what more can be done to get lone mothers to co-operate in pursuing liable relatives for maintenance payments;
- whether proper consideration has been given to Frank Field's proposal to dock a token amount of maintenance from fathers' social security benefit.

Over the longer-term, John Moore wants to look at the scope for a more radical reform of the system for awarding and collecting maintenance. This is very welcome. One possibility would be to find a system outside the court. This might involve the use of an administrative formula to establish the level of award. A right of appeal to the courts would clearly need to be retained.

The Lord Chancellor is rightly concerned that in examining more radical options proper weight is given to the need

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a) to relieve the burden on the courts and not to increase the level of litigation and, as a result, the cost of legal aid (b) to safeguard the principle of equity of treatment between partners in a divorce.

2. Child-care: DSS propose to provide pump-priming finance to voluntary organisations working with lone parents. They envisage this lasting three years at a total cost of £30 million. The aim is to involve employers and other commercial interests.

I am sceptical of this proposal. The Government has argued that it is for employers and the voluntary sector to provide child-care facilities. To provide a new subsidy would send the wrong signals and create new demands. Moreover, it would not be easy to terminate funding at the end of the three years.

3. Earnings disregard

The DSS propose to double the Lone Parents Housing Benefit disregard from £15 to £30 at a total cost of £17 million.

I think this is wrong in principle and not cost-effective in practice:

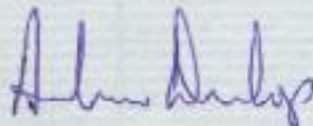
- It raises the rate of return from being a lone parent still further, creating the danger of perverse incentives. The real value of the benefit package available to lone parents with children has increased already by over 15 per cent since 1975;
- It would put lone parents a street ahead of other disadvantaged groups. For example, the earnings disregard for the disabled would still be only £15;

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- It is not cost effective. DSS believe that the employment effect of doubling this disregard is so uncertain that they are unable to calculate with any precision how many more lone parents would take up work as a consequence. When pressed they suggest perhaps a "few thousand". This has to be set alongside the substantial numbers of people who would be drawn onto benefit: 20,000 lone parents on housing benefit and 30,000 receiving Community Charge rebates. There is, therefore, substantial deadweight in this proposal. It relieves the unemployment trap marginally, but increases the poverty trap significantly.

RECOMMENDATIONS

1. Agree that John Moore should press ahead with his proposals on maintenance but suggest more should be done to ensure:
 - (a) that absent fathers are identified (for example on birth certificates);
 - (b) that there is a proper response to Frank Field's call for maintenance to be docked from fathers social security benefit.
2. Oppose the proposal to provide pump-priming support for child-care facilities.
3. Oppose the proposal to double the housing benefit earnings disregard.



ANDREW DUNLOP

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PRIME MINISTER ²

SUPPORTIVE LETTERS ON SOCIAL SECURITY POLICY

When you saw John Moore earlier in the week you asked him to let you see a selection of the supportive letters he had received.

These are now enclosed in the folder below. As you will see, John Moore would like them back in due course.

Remarkable letters - very helpful -

I am glad to have seen them.

ALG

ms

PAUL GRAY

7 July 1989

SL2AVP

PRIME MINISTER

P 03501

LONE PARENTS

[Minute by the Secretary of State
for Social Services, 16 July 1989]

DECISIONS

Mr Moore proposes an "action programme" to reduce lone parents' reliance on State support. He wants to make an early announcement about the Government's policy.

2. You may wish to discuss the main elements in turn:
 - i. maintenance. Mr Moore wants to make absent fathers pay more. This principle may be right, but the real question is how to give effect to it. Mr Moore proposes a radical examination of long-term possibilities.
 - ii. child care. Employers and schools will be encouraged to provide more facilities.
 - iii. training and job search. The Department of Employment are due to bring forward proposals.
 - iv. the benefit system. Mr Moore rejects all changes except an increase in the earnings disregard for housing benefits.
3. On most of these questions, further work is necessary. In particular, no figures for cost are given. You might conclude that the studies proposed should take place; that meanwhile no detailed decisions can be taken; and that resource implications should be discussed in the Survey.

4. As to an early announcement, the main question is whether work has gone far enough for a statement to be possible. If you decide that a statement of principles is practical, you might ask Mr Moore to circulate a draft for comment.

BACKGROUND

5. Last January Mr Moore reported to you on the work under way on lone parent families. The reply of 30 January from your office said that you attached importance to the work and would chair a meeting the subject in due course.

ISSUES

Maintenance

6. Mr Moore says that the priority is to increase maintenance paid by absent fathers. You may be content to endorse this aim, but the real question is how to give effect to it. Mr Moore discusses both long-term and short-term ideas:

i. Long term. He proposes a "radical examination" of ways of awarding and collecting maintenance by the interested Departments "mostly outside the courts". You might ask Mr Moore what ideas he has in mind for operating outside the Courts. Some could be controversial: for example, the Australian system of making deductions from the father's pay through the tax office is unlikely to be welcome to the Chancellor. But depending on the discussion, you may wish to agree that the study can go ahead.

ii. Short term. Mr Moore describes various short-term steps for collecting more maintenance. They involve "modest costs" for DSS though with "significant benefit savings" and "additional demands on the courts", but none of these effects is quantified. You may wish to ask for more detailed information about the resource implications, and for Mr Moore to consult the Chief Secretary, before accepting these changes.

Child care

7. Mr Moore suggests ways of encouraging employers and schools to provide child care. These are voluntary and you may be prepared to endorse them, subject to two questions:

i. tax relief for child care. Para 11.3 proposes to encourage employers to use the existing tax reliefs to provide child care. There is a long-standing issue about creches provided by employers, which have been taxed as a benefit in kind for employees. You may wish to ask what the present position is and, if necessary, ask for a note on the case for changing it.

ii. pump priming. Para 12 says that DSS are "working up proposals" for pump-priming support for the private sector. You might ask what the resource implications would be, and ask Mr Moore to discuss them with the Chief Secretary.

*Not fundamentally,
do you want the
Government involved
in this sort
of role?*

PRCG.

Training and job search

8. Mr Moore says that the Department of Employment will bring forward proposals for more training for lone parents. At least one - making more Employment Training places available (para 14.2) - would incur extra costs. You might note that the work will be coming forward and ask for resource implications to be discussed with the Chief Secretary.

The benefit system

9. Mr Moore says that the only useful change in benefits for lone parents would be an increase in the earnings disregard for housing benefit. On this you might ask about:

i. cost. Nothing is said about cost or possible repercussions. You could ask for this information, which seems essential, before a decision can be taken.

ii. work tests. Mr Moore rejects the idea that lone parents should be required to be available for work as a condition of income support. There are strong arguments against this, but work tests are applied to single parents in the USA, France, Germany and Scandinavia. Depending on the discussion, you may conclude that this option requires further study.

iii. other possibilities. Some ideas for benefit changes seem to have been rejected rather cursorily. One is an increase in the earnings disregard for income support, which would encourage lone parents to take up more part-time work. Another is an increase in family credit payments, which would encourage them to take up full-time work. You may want to collect views on such possibilities from other members of the group.

10. It is not clear what outcome Mr Moore wants. As para 23 says, costs will have to be agreed with the Treasury. You may conclude that it is too early to reach decisions on benefits. The options might be considered further in the Survey.

PUBLIC ANNOUNCEMENT

11. Mr Moore suggests an early public announcement through a "substantial written answer". You will wish to discuss whether work has gone far enough for this. It might be possible, as he suggests, to emphasise the importance of maintenance and helping lone parents to work, but you will want to be sure, before anything is said, that effective ways can be found of achieving these aims. If you agree to an announcement, you might ask Mr Moore to circulate a draft.

HANDLING

12. You will wish to ask Mr Moore to introduce his paper. The Chief Secretary, Treasury will have views on the implications for expenditure, the Lord Chancellor on the implications for the courts, the Secretary of State for the Environment on the link with the review of homelessness and the Secretary of state for Employment on the training aspects.

R.T.J.

R T J WILSON
Cabinet Office
7 July 1989



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

Paul Gray Esq
Private Secretary
10 Downing Street
London
SW1

6 July 1989

Dear Paul

During the course of last Tuesday's discussion, my Secretary of State promised to send a selection of correspondence which he has recently received supporting Government policies.

I enclose a selection, and would be most grateful if you would return them in due course.

Yours

Jeremy

JEREMY GROOMBRIDGE
Private Secretary



CONFIDENTIAL

HOUSE OF LORDS,
LONDON SW1A 0PW

Prime Minister

5 July 1989

Lone Parents

1. I have seen John Moore's memorandum to you of 16th June and the attached report on lone parent families and dependency, which, subject to resource consideration, I welcome and look forward to discussing with colleagues on 11th July. My particular interest relates to maintenance payments and to the idea that conciliation may contribute to resolving current difficulties.

2. I am concerned that any changes in the maintenance system should recognise the need for equity. The present system puts a high premium on making orders whose terms are equitable between the parties. However, I see that it may not be equitable in effect if it leads to inconsistency, delay, difficulty in enforcement or if it puts an unfair burden on the taxpayer in meeting the costs of default.

3. John Moore's initiative overlaps with aspects of the Children Bill and the rolling programme of review of family law and procedure which I outlined during Second Reading. Amongst the announced topics for review are conciliation and the divorce grounds and procedures.

4. The Law Commission have canvassed a changed divorce system which could make it more rigorous than at present by requiring the parties to face the consequences in advance. And, if they still wished to proceed, they would have to settle the arrangements for dealing with those consequences as a precondition of ending the marriage. Such a system, by enabling marriage guidance and conciliation to take a front seat in future, might improve the chances of saving marriages or, if the

divorce proceeds, reaching agreement about children and maintenance. As John Moore's report recognises, both marriage guidance and conciliation might in turn help resolve the maintenance problems.

5. More fundamentally, such a change in divorce, including greater use of marriage guidance and tough-minded conciliation, might better guarantee that any decision to divorce was taken responsibly and highlight the parties' personal responsibility for dealing with the consequences. That accent on responsibility would chime "philosophically" with John Moore's objective of ensuring that absent parents meet their maintenance obligations. And both echo the shift in the Children Bill away from "parental rights" to "parental responsibility" which continues intact even after divorce. That common approach may provide a coherent theme for policy in the family field, with individual responsibility being seen not only as the foundation of family life but also as an essential element in protecting it from avoidable breakdown or, if the worst occurs, more effectively regulating its dissolution and dealing with the consequences.

6. Copies of this memorandum go to John Moore, Nigel Lawson and John Major, Douglas Hurd and John Patten, Malcolm Rifkind, Peter Walker, Norman Fowler, Nicholas Ridley, Kenneth Baker and Kenneth Clarke.

M1C

FILE

MPM



Meeting record

10 DOWNING STREET

LONDON SW1A 2AA

5 July 1989

12a

From the Private Secretary

SUBJECT cc Master

Dear Stat,

SOCIAL SECURITY

The Prime Minister had a brief talk with your Secretary of State on 4 July on various aspects of social security policy.

I should be grateful if you would ensure that no copies of this letter are taken and that it is seen only by those with a strict need to know.

Your Secretary of State said that a lot of work was in hand on changes in the administration of social security, with the introduction of Agencies and other developments. But he wished mainly to alert the Prime Minister to the major policy issues that were either current or on the horizon. The Prime Minister interjected to say that she warmly welcomed the changes being introduced in administration, which she thought were very much on the right lines.

Your Secretary of State said there were five policy issues he wished to mention. The first was the position on pensioners. He was clear that the need was to focus attention and assistance on the poorest pensioners and to resist pressures for a real increase in the basic pension. He did not however minimise the difficulties in this area. The package for poorer pensioners already agreed for introduction in the Autumn would help, but consideration might need to be given to further targetted assistance. Your Secretary of State handed to the Prime Minister some tables showing the real changes in the different social security benefits since 1978 and 1979, and said that these comparisons would need to be watched with care over the coming months. The Prime Minister agreed with your Secretary of State that it would be wrong to accede to pressure for real increases in the basic pension; this would be extremely expensive, with a substantial part of the resources going to those whose incomes were already boosted from occupational pensions and other sources.

Kc

6

Your Secretary of State said that the second issue was the disability review. The various OPCS reports would shortly be available, and the Government then faced a tricky choice on handling. One option would be to seek to introduce a range of short-term expenditure changes in the Autumn following the current Public Expenditure Survey. It was unlikely however that such an approach would satisfy the various pressure groups. The alternative option would be to work to a slower timetable, taking time to absorb the results of the review, producing a Green Paper in 1990 but not envisaging introducing any substantive measures within the next couple of years. The difficulty with this approach could be that pressure groups would progressively raise their bids for additional expenditure as time went by. Your Secretary of State said that he would wish to take the Prime Minister's mind in due course on the political judgement required in choosing between these two courses.

The third issue was lone parents. Your Secretary of State said he had already circulated a paper on this in preparation for the meeting arranged for the following week. He was clear that it would not be appropriate to spend public money forcing lone parents into work, and that a key priority was to develop the role of the family. But in the past the Government had never seriously tackled the problem of ensuring that maintenance was paid by fathers; he saw considerable advantage in taking action on this front.

The fourth issue mentioned was the possibility of changes to the pension age. Your Secretary of State said that he did not wish to press the Prime Minister to re-open the possibility of making an early announcement of an increase in the retirement age for women; he recognised the concern she had expressed in the recent correspondence. But he was anxious that the Government should retain the initiative on the timing of developments. One worrying point was that the Equal Opportunities Commission were likely to seek a judicial review arguing that the contributions paid by men beyond 60 were excessive; advice from the Attorney General was that the Government could well lose any case on this. A further problem was that negotiations in the Community on an Equal Opportunities Directive would continue to be awkward; the Spanish Presidency had been moderately helpful, but the issue could be brought to a head in a subsequent Presidency. Your Secretary of State said he would let the Prime Minister have a further note on these aspects.

The Prime Minister said she would welcome this. She saw considerable attraction in encouraging those of pension age to continue in work; this was also a highly effective way of increasing their eventual pension entitlement. But she remained concerned about the sensitivity of obliging women to work longer by raising the pension age in a single step of five years. Your Secretary of State agreed that any such change would need to be made very gradually, as was being done in the United States.

SECRET AND PERSONAL

The fifth issue was child benefit. Your Secretary of State said he felt that the Government had been winning the debate on the level of child benefit, despite the recent amendment moved by Baroness Faithful in the Lords. He thought it would however be necessary at some stage to do some private preparatory work on the Government's approach to child benefit for the next Parliament. C

The Prime Minister said that she recognised the difficulties raised by these policy issues and the case for action. But she was in general concerned not to take early radical action; the issues had to be considered in the context of the Government's overall legislative programme, which was currently both heavy and controversial, and the overriding priority to bring down the rate of inflation. She looked forward to receiving the further notes on some aspects that your Secretary of State had promised, together with the latest version of the pensioners brief and some of the correspondence he had received for those supporting the Government's approach.

Yours,
Paul

PAUL GRAY

Stuart Lord, Esq.,
Department of Social Security

SECRET AND PERSONAL

PA

PRIME MINISTER

BILATERAL WITH JOHN MOORE

When you saw my minute at Flag A below earlier in the week you asked me to set up a half hour bilateral with John Moore. This has now been arranged for Tuesday.

I will let you have on Monday a short note of points you might make to him. But over the weekend you may like to glance at the enclosed papers on lone parents - another of the reviews on which John Moore has been engaged.

The papers are:

Flag B - minute from John Moore attaching a report and programme for action

Flag C - commentary by Andrew Dunlop.

We have a meeting scheduled for later in July to discuss these papers. But, as Andrew Dunlop's note brings out, the DSS report is low on hard content and high on promises/requirements for further work. Rather than moving direct to the planned meeting with a wider group of colleagues, you might therefore prefer to have a word about this exercise with John Moore on Tuesday and give him a steer on the aspects you would like to be pursued further.

PAG.

(PAUL GRAY)

30 June 1989

cc Boyrup
→ RA
29 June 1989

LONE PARENTS

This is a large and complex issue. The number of lone parents and the number dependent on welfare has risen sharply over the last twenty years.

Many of John Moore's proposals (eg maintenance) seem sensible in themselves. But one suspects that they will only tinker at the margins of the central problem. They don't offer a real vision.

Moreover, on the evidence of this paper, we lack the information and analysis necessary to ascertain whether more radical solutions (for example: better targetting of benefits) are a practicable proposition over the longer term.

The sensible way forward at this stage would be to avoid raising expectations about a major co-ordinated initiative in this area; to move forward where we can in a more low-key, step-by-step, approach; and to look again at the prospects for more fundamental change once the information from the DSS study (referred to in Para 23 of the Background Paper) is available.

Analysis of the Problem

John Moore's paper contains much interesting background information about what is known of lone parents. But it doesn't really get at the underlying causes of the increase in lone-parenthood and dependency.

First, the scale of the problem. It is difficult to judge from the DSS paper how lone parents as a "problem" compares with other welfare related issues. In a Parliamentary Answer this week DSS stated that from 1979 to 1985 the average living standards of lone parents improved by 10 per cent. How does this compare with the trends of other disadvantaged groups?

In short we need more information to establish what priority the Government should give to tackling this issue.

Second, the nature of the problem. There is a danger in looking at lone parents as a homogeneous group. They are not. The problems of divorcees will not be the same as those of young 17 year old never-married mothers. Policies, therefore, which might be very effective with one group, may be totally inappropriate with another. For example, pursuing maintenance for an unmarried mother - where the father's name is unknown - presents far greater problems than where a divorced lone parent is involved.

It is a weakness of the DSS paper that it does not really address the question of how different policies can be targetted on different types of lone parent.

Third, perverse incentives. The paper contains an inconclusive discussion of Charles Murray's thesis. He argues that the provision of special benefits will raise the rate of return of being a lone parent. The numbers of lone parents will, he argues, increase. But the DSS paper offers no evidence on which to evaluate these arguments. The fact is, however, that the real value of the benefits package available to lone parents with children has increased by over 15 per cent since 1975.

Without this analysis the DSS paper is unable to come to any conclusions about the right overall policy balance between the carrot and the stick. Some lone parents are in genuine need of positive help. Others need to be made to face up to their responsibilities.

The Programme of Action

The two main issues you ought to consider are maintenance and child care.

First, the most promising and concrete area for action is maintenance (Paras 6-9). Action in this area is likely to be very popular with the public and will send the right signals. The National Council for One Parent Families has, for example, called for action to get absent fathers to face up to their responsibilities for providing maintenance. Moreover, John Moore floated these ideas in public this week and has received quite a good press.

For the long-term, the DSS are right to look for ways of by-passing the cumbersome legal procedures in the award of maintenance:

- it will help to alleviate the strain on the courts;
- judicial discretion can cause problems of unfairness and comparability;
- the judicial system can heighten the tension between ex-partners by its adversarial nature.

In the meantime, the administrative measures which DSS proposes to take in the short-term raise a number of issues which require careful consideration:

- The DSS approach is to relieve lone mothers of the task of pursuing maintenance. But more should be done to encourage lone mothers to co-operate in pursuing liable relatives for maintenance payments (See Annex).
- DSS want liable relatives to pay more maintenance in relation to their means. It is not made clear how this would be achieved. Would it apply to absent fathers who are themselves on benefit? Labour MP Frank Field has, for example, written that: "It would not be unreasonable ... to deduct say £3 a week from an unemployed claimant." (Sunday Times, 5 March 1989). This needs to be spelt out in more detail.

Second, the paper sends muddled signals on child care. (Para 12)

The paper points out rightly that the provision of child care facilities is for the voluntary sector and employers, not the state. But it proposes short-term pump-priming support to provide child care in the inner city and other areas. It is not clear whether this is intended to be a short-term subsidy for work-place nurseries. But if it is, there is a real danger that it will send the wrong signals about Government policy in this area and create new demands from pressure groups for resources.

There are a number of other detailed questions in the paper. For example, whether there should be an extra earnings disregard in housing benefit. These questions will require very detailed examination.

CONCLUSION

I think it would be wrong - on the basis of John Moore's paper - for the Government to create the impression publicly

that they intend to launch a major initiative on lone parents. It would simply raise expectations which could not be met. A public debate would start and it would be the plethora of pressure groups who would fill the void with an expensive list of demands.

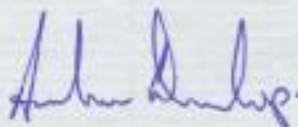
But it is clearly right and would be popular for John Moore to press ahead on maintenance.

If you want to go further than this a meeting would be essential to get the process on the right political track.

RECOMMENDATIONS

1. Welcome John Moore's report but doubt whether the time is right to raise expectations through a fundamental review.
2. Agree that he should press ahead with his proposals on maintenance but suggest that more should be done to ensure
 - (a) that absent fathers are identified (for example on birth certificates);
 - (b) that there is a proper response to Frank Field's call for maintenance to be docked from fathers social security benefit.
3. Express doubt about the principle of Government funds for child care.
4. Ask John Moore to frame his announcement in such a way as not to raise expectations that the Government is launching a major initiative on lone parents.

5. Suggest that DSS report back to Ministers next year when the results of the DSS study into Lone Parents is available.



ANDREW DUNLOP

MAINTENANCE: IDENTIFYING LIABLE RELATIVES

1. The Current Position

When an unmarried mother claims income support, DSS ask her for the father's name. DSS have no statutory authority to press her to name him and do not do so.

At present only half of unmarried mothers claiming income support name the father (and only 15 per cent receive any maintenance as a result).

2. Proposed change

DSS officers will be instructed to place even more emphasis at interviews etc, on the importance of unmarried mothers co-operating in identifying the fathers.

3. Comment

Tightening up DSS interview procedures are unlikely to have more than a marginal impact.

More radical options to consider include:

- (a) Requiring an unmarried mother to name the father as a condition of benefit except where there was good cause not to (fear of violence, ignorance etc). This is the course followed in the USA, New Zealand and Sweden.
- (b) Ensuring that all births are registered with both parents' names. (40 per cent of births to non-married parents are not). Establishing paternity at this stage would save a lot of subsequent problems.

- (c) Providing lone parents - perhaps through a maintenance disregard - with an incentive to co-operate in identifying the father. At present lone mothers have little to gain from pursuing maintenance payments as these are offset directly against income support.

PRIME MINISTER

POSSIBLE SOCIAL SECURITY REFORMS

You will recall that a couple of weeks back John Moore minuted to propose that an increase in the female retirement age should be floated. You responded that you did not think this was the right time to raise that issue.

John Moore asked to see me last week to discuss the background to your decision. It quickly emerged he had taken it rather hard, and as the latest in a series of reactions resisting his proposals for radical policy changes in social security. He still has in mind the earlier decisions discouraging him from pursuing changes in child benefit and housing benefit.

I sought to explain to him the reasons for the views you had taken in each of these cases. I think he was to some extent reassured, and took the point that, at least in the case of the pension age, your reaction had been more concerned with the timing rather than your views on the underlying desirability of changes. But he clearly still feels a bit frustrated that, having put a lot of effort into taking a radical look at the social security system, the main options for change are being blocked off. He does not want just to "tread water".

You may therefore want to consider having a bilateral with John Moore. At such a meeting you could:

- explain your views to him, in particular on the pension age, and reassure him that you do not want all thinking about radical changes to social security closed off;
- indicate that you are looking forward to considering his ideas resulting from the reviews of lone parents and disability;

- and warmly welcome the changes he is introducing on the administration of social security via Agencies, computerisation and so on.

Would you like me to set up a half hour bilateral with him some time in the next week or so?

Yes
m

Recd.

PAUL GRAY

27 June 1989



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01 210 3000

From the Secretary of State for Social ~~Services~~ Security

Dominic Morris Esq
Private Secretary
10 Downing Street
London
SW1

27 June 1989

Dear Dominic

The Prime Minister has asked for a note of the costs and practical effects of Baroness Faithfull's amendment on Child Benefit carried in the House of Lords last week. I attach an explanatory background note.

You will see from this note, that not only does this amendment impose a requirement to increase Child Benefit, it also effectively makes impossible the targeting of extra help to the Family Credit children's rates because any increase would automatically be shared by all families with children.

Had the amendment been in place for the 1989 uprating, costs would have been some £675m. For next year, because the amendment creates a link between the uprating of Child Benefit and the under 11 child rate for Family Credit, and because the latter is normally uprated by the Rossi index, uprating Child Benefit would actually be some £45m less than if it were uprated by the RPI.

Yours

Jeremy

JEREMY GROOMBRIDGE
Private Secretary

SOCIAL SECURITY BILL: CHILD BENEFIT AMENDMENT IN THE LORDS

Background Note

1. On 22 June during Committee Stage of the Social Security Bill an amendment tabled by Baroness Faithfull (Conservative), supported by Baroness Jeger (Labour), Earl Russell (S + LD) and Lord Seebohm (Independent) was approved by 115 votes to 94.

2. The amendment, which requires Child Benefit to be uprated by at least the same percentage as the increase in the Family Credit under age 11 child rate, demonstrates a peculiar legislative technique. It creates a statutory duty based upon the exercise of a discretionary one. In other words, the requirement to uprate Child Benefit would be subject to discretion being exercised (under Section 63(2)(b) of the Social Security Act 1986) to uprate a Family Credit child rate.

3. Apart from imposing a requirement to increase Child Benefit, the amendment effectively makes it impossible to give extra help through the Family Credit children's rates since any such increase would be automatically matched by a corresponding universal increase in Child Benefit. Targeting is thus ruled out and index-linking becomes a legal requirement, but by RPI less housing costs - 'Rossi' - (normally used for uprating Family Credit) rather than the full RPI.

4. Had the amendment been in place for the 1989 uprating, the cost would have been some £675 million. The under 11 Family Credit rate was increased from £6.05 to £7.30 = 20.7%. (This includes the additional 50 pence per child targeted on low income families.) Increasing Child Benefit by 20.7% would have given an increase of £1.50 with a net cost of around £675 million.

5. Working on the latest confidential Treasury assumptions of 6.25% for the RPI and 5% for Rossi, the costs of uprating Child Benefit next year would be:

a. by RPI

6.25% of £7.25 = 45p

Total net cost = £202 million

b. by Rossi

5% of £7.25 = 35p

Total net cost = £157 million

The "savings" by uprating by RPI less housing costs rather than the RPI would therefore be £45 million.

6. On 24 April 1989, during Report Stage of the Social Security Bill an amendment tabled by Mr Timothy Raison to index-link Child Benefit from April 1990 was defeated by 294 votes to 194.

PRIME MINISTER

SOCIAL SECURITY BILL

I am afraid that the Government failed to stave off an all-Party amendment in the Lords this afternoon, led by Lucy Faithfull, during the Committee Stage of the Social Security Bill. The amendment makes a mandatory link between the up-rating of child benefit and the up-rating of the under-11 allowance in Family Credit. Despite a good speech from Lord Belstead, the majority for Lucy Faithfull's amendment was 21. Lord Denham and Lord Belstead firmly take the view that an attempt to reverse this at Report in the Lords will only lead to a worse defeat. Reversing this amendment in the Commons will bring out the child benefit lobby and mean a difficult vote; assuming the Government win this it will still lead to ping pong just before the summer Recess. If the Bill cannot pass before the Recess it will delay the unemployment benefit regulations (these tighten up the criteria for refusal of suitable employment; delay in implementing these after October will lead to the loss of £5 million per month to Government). It may well also delay implementation of the community charge rebate scheme.

*What does the
amendment cost?*

Order, Barwick

ms

pp

DOMINIC MORRIS

22 June 1989



file JB

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

20 June, 1989.

Dear Linda

Further to my telephone call, I am writing to confirm that there will be a meeting on Lone Parents at 12 o'clock on Tuesday, 11 July. The meeting should be over in good time for people to get to their lunch engagements.

I am copying this letter to the Diary Secretaries to the Chief Secretary, Lord Chancellor, Mr. Patten (Home Office), and the Secretaries of State for the Environment, Education and Science, Scotland, Wales and Employment.

Yours sincerely
Amanda

(Mrs. Amanda Ponsonby)

Miss Linda Oliver,
Department of Social Security.

NOTE FOR THE RECORD

LONE PARENT FAMILIES AND DEPENDENCY

CF reported that DSS (Elizabeth Thorp) were now saying that the report on this subject would not be available until late April/early May.

I discussed this today with Andrew Dunlop. I said that I would be content with this timing, as long as this latest postponement was not indicative of a lack of progress in the exercise. Andrew said he did not think there was a problem of this sort, but he would take the opportunity of his own contacts with DSS over the next couple of weeks to emphasise the importance of no further slippage.

|| Would CF please BF the papers again in two week's time.

PLG.

PAUL GRAY
3 March 1989
April

KAYATD

ETA



NBA
ALC
15/2

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Moore MP
Secretary of State for Social Security
Department of Social Security
Richmond House
79 Whitehall
London
SW1A 2AH

14/2 February 1989

Dear Sir,

LONE PARENT FAMILIES AND DEPENDENCY

Thank you for sending me a copy of your minute dated 25 January to the Prime Minister.

I very much agree that the trends you describe in your minute are disturbing, and they have of course resulted in a considerable increase in expenditure on your programme in recent years. Expenditure on benefits paid to lone parents has increased from £1.9 billion in 1981-82 to £3.4 billion in the current year (at 1988-89 prices).

I look forward to seeing your report, and I hope that in its preparation your officials can continue to keep mine in close touch.

I am sending a copy of this letter to the Prime Minister, other members of H Committee and Sir Robin Butler.

Yours Faithfully,
John
JOHN MAJOR

SOCIAL SERVICES:
UPDATING OF BENEFITS
154



~ A. Dunlop

Prime Minister

MR GRAY

REC 6
3/2

2 February 1989

LONE PARENTS

mb

You asked for a short note on where the figures on Afro-Caribbean families quoted in my note came from.

They were derived from data taken from the Labour Force Survey.

Further information on the ethnic origins of lone parents is still rather scant. A major piece of research work is, however, in progress. It is being carried out by the Social Policy Research Unit at York University and the Centre for Analysis of Social Policy at Bath University. This research will focus on lone parents attitudes and circumstances and may throw up some more information on ethnic origins. The study is due to be completed in the course of the next year.

The Prime Minister might also be interested to see the attached tables produced by DSS on the concentration of lone parents in inner cities.

ANDREW DUNLOP

CONCENTRATION OF LONE PARENTS IN INNER CITY AREAS

A. Counties with the highest proportions of lone parents (expressed as a percentage of the proportion for Great Britain):

	per cent
1. Greater London	135
2. Greater Manchester	116
3. Merseyside	115
4. East Sussex	115
5. South Glamorgan	111
6. Tayside	110
7. West Yorkshire	110
8. West Midlands	109
9. Cleveland	109
10. Tyne and Wear	107

B. Areas at County/District level with the highest proportions of lone parents (expressed as a percentage of the proportion for Great Britain):

	(County/Region in which contained)	Percent
1. Lambeth	Greater London	230
2. Hackney	Greater London	223
3. Hammersmith	Greater London	210
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CONFIDENTIAL



76
DAS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 January 1989

Dear Terry,

LONE PARENT FAMILIES AND DEPENDENCY

The Prime Minister was grateful for your Secretary of State's minute of 25 January reporting the work under way on this subject.

BS/ The Prime Minister attaches great importance to this work and to the need to ensure co-ordination between the various Departments concerned - including, for example, aspects of housing policy. The Prime Minister will want, in due course, to chair a Ministerial group on the subject, but in the meantime would be grateful if your Secretary of State would, as he promised, report back as soon as possible on the work being undertaken by officials.

I am copying this letter to the Private Secretaries to members of H Committee and Sir Robin Butler.

Yan,
Paul
PAUL GRAY

Jeremy Groombridge, Esq.
Department of Social Security

CONFIDENTIAL

cm

MR DUNLOP

LONE PARENT FAMILIES AND DEPENDENCY

I enclose a copy of the Prime Minister's comments on the papers she saw over the weekend, which included your note, and the letter I have now sent out.

You will see that the Prime Minister has asked where the figures you quoted about Afro-Caribbean families come from? Perhaps you could let me have a short note on that. If I may, I will leave you to feed these statistics into the Departmental network.

PAUL GRAY

30 January 1989

83/DAS

SA

CCPU X2

PRIME MINISTER

27 January 1989

LONE PARENT FAMILIES AND DEPENDENCY

John Moore's minute is very welcome and timely. The number of lone parent families in Britain is a growing problem. It is an issue which - as the Party of the family - we cannot afford to ignore. Failure to act will perpetuate a situation in which a large body of people remain dependent on welfare - a permanent underclass - with all the attendant social problems of poverty, the erosion of the codes of personal conduct, crime etc.

To date the Government approach has been piecemeal. What is required is a more co-ordinated approach towards single parent families with the twin objectives to:

- (a) reduce their dependency on the state;
- (b) ensure that Government policies do not encourage single parenthood or the break-up of the family.

THE EXTENT OF THE PROBLEM

The scale of the problem is illustrated by the fact that £3 billion is spent each year on benefit support for lone parents.

The key trends which have led to this situation are as follows:

- First, the overall numbers of one-parent families have grown dramatically in the last two decades. In 1971 there were 570,000 single parent families. DSS now

estimate the figure to be well over one million. (This represents a 75 per cent increase which is considerably larger than in any other West European country);

- Second, an increasing proportion of lone parents are "never - married" mothers. The majority of lone parent families - just under two-thirds - still result from divorce and separations. But the number of unmarried mothers increased by 116 per cent between 1971 and 1984. They now account for 22 per cent of all single parents (up from 19 per cent in 1982).
- Third, the highest concentrations of lone parent families are in the inner cities and amongst Afro-Caribbean families. They represent 43 per cent of all West Indian families compared with 12 per cent of all white families. A high proportion of these are "never married".
- Fourth, a growing proportion of lone parents are dependent on welfare for their main source of income:
 - 65 per cent of lone parents claim Income Support, compared with 40 per cent who claimed Supplementary Benefit in 1979;
 - the proportion of lone parents receiving maintenance payments from liable parents has declined from 52 per cent in 1979 to 26 per cent today;
 - the proportion of lone mothers who do some paid work is low and has been falling throughout 1980s. It now stands at around 40 per cent.

*Where do
they
come from?*

THE WAY FORWARD

There are two distinct aspects to the problem. One is the apparent increase in husbands defaulting on maintenance payments, the other is the increase in the number of unmarried girls having babies without any means of support from the father. In developing policy DSS must be sensitive to this distinction and ensure that their proposals are appropriate to both groups. In each case natural fathers need to be made to shoulder their responsibilities, and mothers encouraged to achieve financial independence.

John Moore's minute gives a broad indication of the areas he intends to look at. You might consider asking him - in conjunction with Norman Fowler - to examine specifically the following areas:

1. Strengthen Child Support Enforcement

DSS takes action currently to obtain maintenance when single parents claim benefit. But the total collected in 1987 was just £121m - lower than at any time in the last fifteen years. And this at a time when unemployment has been falling rapidly and average earnings rising.

Two problems exist when trying to improve the amounts collected.

First, it is often difficult to identify the absent father. Single mothers are not obliged to name the father.

Second, DSS are not active enough in pursuing maintenance payments. DSS investigators appear to work on the assumption that many absent fathers could not

afford to provide support anyway. When I visited a social security office in Harlesden recently, the attitude amongst the investigators was: "Is it worth the effort?" They claim the costs of collection are likely to outweigh any benefits.

On this second point the DSS investigators are on thin ice. They know very little about the financial circumstances of absent fathers. The economy has been recovering strongly in recent years: absent fathers are likely to have benefitted from this like everyone else.

Moreover, evidence from abroad suggests that a strict child support enforcement programme could yield substantial dividends: in Illinois for example, collections rose by nearly eightfold over a five year period.

DSS will look at ways of tightening up the existing structure. But they should also be asked to include in their examination more radical options.

The range of more radical measures which might be considered include:

- (a) Using the Inland Revenue as the agent responsible for recovering maintenance payments on behalf of DSS (as with NICs). Payments could be made as an automatic deduction from salaries and wages. This system is in operation in countries such as the United States, Australia and New Zealand;
- (b) Maintenance payments should be calculated on the basis of an administrative formula, avoiding the need for court orders. A right of appeal to the courts would be retained in contentious cases;

- (c) Requiring lone parents, including unmarried mothers, to take reasonable action to seek maintenance as a condition of benefit. (clearly this requirement would not apply in cases where lone mothers feared violence from absent fathers.)

The advantages of this approach could be considerable:-

- It would reduce the time and cost involved in making Court orders and in litigation.
- Absent fathers would be given clearer signals about the obligations and costs implied by their actions.
- And more lone mothers would be encouraged to seek child support from the father if the system were seen to be simpler, more efficient and enforceable.

(A fuller explanation of these options - including a description of how the administrative formula might be developed are in the Annex attached.)

2. Improve Incentives

John Moore's minute highlights the need to encourage and help lone parents to work. It must be made explicit that this should include a re-examination of the benefits available to lone parents, and not just additional help through training schemes. If single parents are to be encouraged back into work then they require the incentive and a clear signal as to what is expected of them. The evidence is that the necessary encouragement may not exist. In East Anglia and the South East - where the labour market is tight - there are still 80,000 lone parents with no pre-school

children who are not working. One option might be to restrict entitlement to Lone Parent Premium to those single-parents with children of pre-school age.

3. Improve Employment Prospects

The best way to reduce dependency amongst single parents is to increase their economic activity once their children have reached school age. This would be assisted by increasing and promoting the number of places available to single parents on Government training schemes. At present only 5000 places are available and take up is low. These additional places could be accommodated within existing programmes. ET, for example, is currently not expected to meet its original targets of places filled.

ENSURING PROPER CO-ORDINATION

The measures John Moore proposes cannot, however, be considered in isolation if they are to be fully effective. They must be looked at alongside two other issues which affect the lone parent problem.

- first, housing. At present lone parents are given priority on local authority council housing lists. There is strong anecdotal evidence to suggest that this acts as a major incentive to lone parenthood. Nicholas Ridley is already looking at provisions which would counter this trend.

- second, child-care. John Patten's group is examining this issue.

The key will be to ensure that all these strands are brought together in a co-ordinated package which:

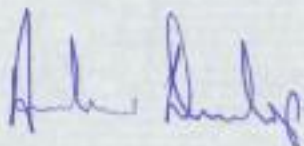
- (a) encourage, greater financial responsibility by fathers and mothers;
- (b) discourages - or at least does not encourage - unmarried girls to have babies.

RECOMMENDATIONS

We recommend that you:

- welcome John Moore's initiative;
- underline the importance of proper co-ordination between departments with policies that impact on lone parents;
- ask John Moore - in drawing up his proposals - to consult with leaders of the black community within which the problem of lone parenthood seems most acute;
- stress the need to ensure that all proposals are appropriate in both the cases of unmarried mothers and mothers who are separated and divorced;
- suggest that the work that is being put in hand includes;
 - an examination of the benefits system as it affects lone parents;

- more radical options for strengthening child support enforcement as outlined at (2) above;
- methods for increasing places for lone parents in training schemes and for achieving their more active promotion.



ANDREW DUNLOP

LONE PARENTS AND MAINTENANCE PAYMENTS - ARE THERE POLICY IMPLICATIONS FROM AUSTRALIA?

Background

This paper looks in more detail at a policy area that was identified in the June CSPRG discussion on lone parents. In the course of those discussions it was noted that Australia had recently announced a number of major changes aimed at substantially increasing maintenance payments from liable relatives. EAO was asked to produce a note on the proposals, their background and the possible relevance to the UK.

There are marked similarities in the characteristics of lone parent families in Australia and the UK and in the policy responses. In both countries:

- a. The 1980's have seen a significant increase in single-parent families and an even faster growth in their dependence on social security benefits (Table 1). Single parents account for 13% of all families with children in Britain and 14% in Australia.
- b. The great majority of female single parents have very low incomes. Relative to average living standards they are probably poorer in Australia than in Britain. But in both countries the majority of single-parents are now dependent on benefit incomes.
- c. The main social security benefits for lone-parents are income tested and impose high marginal tax rates on those wishing to work.
- d. Labour force activity rates are low (around 40% for females) and have tended to fall over much of the 1980's - markedly in Britain. Activity rates are at the bottom end of the OECD range. The UK, Australia and New Zealand appear to be alone in having lower activity rates for female lone-parents than for married mothers.
- e. Maintenance payments make a small contribution to the incomes of lone-parents. About a quarter of Australian benefit recipients are in receipt of maintenance payments. The proportion in the UK for those on supplementary benefit is now very similar (26% in 1987) but it has been falling rapidly (from 38% in 1983). There has been a similar fall in "benefit savings" (ie maintenance payments paid as a proportion of total benefit due) - from 13% to 9%. (Table 2).
- f. Average durations on benefit have tended to increase. In 1986 around a quarter of female lone-parents had been continuously in receipt of income related benefits for over five years. Children in single-parent families are far and away the largest group of children experiencing very long periods of dependence on income related benefits.

g. Among female lone-parents on benefits around 60% are separated or divorced. But there is some suggestion that the number of single ("never married") lone-parents on benefit has been rising more rapidly in Britain than in Australia.

There are significant differences in the detailed design of social security benefits for lone-parents in the two countries but these would not appear to invalidate the drawing of broad comparisons between the two countries.

RECENT AUSTRALIAN POLICY DEVELOPMENTS

In the last three years there have been a large number of official Australian reports on lone-parents. Roughly half of these have been concerned with maintenance arrangements - the local term is "child support" - with the other half concentrating on broader policy questions, including encouraging the transition to employment. One result of these studies is that the position of single parents is much better documented in Australia than in Britain. This note concentrates entirely on Australian proposals in relation to maintenance payments.

Until very recently maintenance payments have been left to the parties concerned to work out privately or have been settled through costly and time consuming litigation. Benefit claimants have been required to take "reasonable action" to obtain maintenance but naming the liable relative has not been an absolute condition of eligibility. This system has been associated with four main problems:

- inadequate levels of court and agreed maintenance;
- inadequate coverage of the population;
- difficulties of enforcing maintenance orders and agreements;
- lack of integration between the maintenance payments system and social security benefits;

At the end of 1985 a Ministerial Committee was established to examine the possibilities for a more effective system of maintenance assessment, collection and enforcement. The major elements of a new Child Support Scheme were announced in 1986. The Scheme aims to ensure as far as possible that :

- a. non-custodial parents share the cost of supporting their children according to their capacity to pay;
- b. adequate support is available to all children not living with both parents;
- c. public expenditure is limited to the minimum necessary for ensuring those needs are met.

At the same time work incentives are not to be impaired and the overall arrangements are to be non intrusive, simple, flexible and efficient.

The Scheme is being put into practice in two stages. The main element of stage one is the introduction, wherever possible, of the automatic withholding of non-custodial parent's income at source, through the use of the tax system to collect maintenance payments. A Child Support Agency has been established in the Australian Taxation Office and has been given responsibility for the collection of periodic child and spousal maintenance payments using collection and enforcement methods similar to those used for income tax. In most cases payments will be made as automatic deductions from salaries and wages. The decision to use a tax office rather than the social security system to collect maintenance payments was based on a study of experience elsewhere, including New Zealand and United States. The new system came into force from 1 June 1988.

A second element in stage one has been a change in family law that requires court orders to give higher priority to the financial needs of children and makes it clear that maintenance payments should not be treated as a "top-up" to social security benefits.

Stage 2 of the Child Support Scheme involves the introduction of a legislative formula to replace judicial discretion as the method of assessing maintenance obligations. The new tax office will become responsible for both assessing and collecting maintenance payments although there will remain a right of appeal to the courts in contentious cases. A consultative group has recently reported on the nature of the formula and the conditions in which it should be applied. The recommended formula is based on the "income sharing approach" which basically allocates a certain percentage of parental income to the support of children. The formula would apply to new separations and to old cases for which there was no existing court order. It would not replace existing orders. The Government is already committed to the formula approach and the details of formula to be introduced are expected to be announced in the next few months.

The main benefit of the stage 1 changes is expected to be better enforcement of existing maintenance agreements. The benefits of stage 2 are expected to include:

- a. reduced costs and time involved in litigation;
- b. clearer signals to individuals about the obligations/costs implied by their actions;
- c. encouraging the seeking of child support because the process will be seen as simpler, more efficient and enforceable;
- d. the introduction of automatic periodic updating of assessments.

Together the changes are seen as important moves:

- advancing the rights of children to adequate support from their parents;
- reducing benefit costs - initially by 60 million dollars and rising in time to 200 million dollars a year or roughly [one-tenth] of current benefit expenditure on single parents.
- encouraging entry into work through reducing the range of earnings over which single parents will face high marginal tax rates.

The coverage of the new scheme will expand gradually. All new benefit claimants will be required to use the tax office to collect payments under their existing agreements or court orders. But the consultative group recommends that administrative assessments apply only to those who separate after the introduction of the formula. Moreover it is not proposed that naming of the non-custodial parent should be an absolute requirement of benefit eligibility (as it is in New Zealand). It is however proposed to sharpen up present requirements on the naming of the father.

IMPLICATIONS FOR THE UK

Present British provisions in relation to liable relatives differ from those in operation (or proposed) in Australia in a number of important respects:

- a. maintenance payments are determined by court orders or private agreement; there is no administrative formula related to ability to pay.
- b. but DSS itself can (and does) pursue liable relatives through the courts and can seek orders for payments to be made direct to the Department;
- c. Inland Revenue is not involved in the recovery of payments
- d. naming the liable relative is not an absolute condition of benefit eligibility in either country but there may still be less pressure in this direction in the UK than is proposed in Australia.
- e. there is less incentive for custodial parents to seek and for non-custodial parents to provide maintenance payments. Maintenance payments are offset against benefits pound for pound in Britain; in Australia there is initial disregard followed by a taper of 50%;
- f. In Britain court orders are never seen officially as "topping-up" benefits. But while the Home Office circulates income support rates to give general guidance on reasonable amounts to award for children the courts are free to determine what maintenance is proper.

Some of these areas were examined by a 1986 Efficiency Scrutiny of DHSS arrangements for liable relatives. The possibility that maintenance recovery should be carried out by Inland Revenue was considered but not pursued because it "goes against the present government policy of simplifying the tax

laws and the workings of the tax system". However, it was recommended that the Department should give further thought to the policy of not pressing for the name of the father where there is an illegitimate child. Ministers subsequently decided to leave this policy largely unchanged because primary legislation would be needed and enforcement would require financial penalties, which could affect the child's welfare.* (Interestingly in Australia womens pressure groups now reportedly favour the naming of the father). The Scrutiny made a large number of other recommendations aimed at improving the cost-effectiveness of liable relative arrangements. But the reasons for the decline in maintenance payments and the importance of such payments for the welfare of single parent and for work incentives were not within its remit.

It is too early to judge whether the Scrutiny's recommendations will have a significant impact on maintenance payments. Statistics that have come available since the Scrutiny reported show a continuing marked decline in the proportion of supplementary benefit recipients in receipt of maintenance payments - for example, between 1983 and 1987 the number of female lone parents on supplementary benefit rose by 40% but the numbers in receipt of maintenance payments actually fell. In real terms there was also a fall in the total value of maintenance payments : as already noted, payments were equal to 13% of supplementary benefits in 1983 but to only 9% in 1987.

Recent research in a number of countries suggest that maintenance payments have an importance beyond the direct reduction of expenditure on social security benefits; they also improve work incentives. Because they are offset against benefit income they reduce the range of earnings over which single parents face high marginal tax rates. They may particularly improve the returns from work for the large number of lone parents who can work only part-time. Table 3 illustrates the effects on work incentives of different levels of maintenance payments for a single parent family with two young children. Research in progress at the Institute for Fiscal Studies suggests that receipt of maintenance payment is a prime determinant of labour force participations. (This prompts the speculation that the decline in economic activity among single parents in Britain may be associated in part with the decline in maintenance payments).

* Footnote

In 1987 maintenance payments were received for only 15% of the quarter of a million never married mothers on supplementary benefit.

Increasing the size and coverage of maintenance payments is therefore important for the welfare of lone parents as well as for public expenditure. The Australian proposals raise the question whether maintenance payments could be substantially increased in Britain if:

- i. Inland Revenue was to replace DSS as the agent responsible for recovering maintenance payments;
- ii. administrative assessment according to a formula replaced court litigation in most cases;
- iii. the obligation on benefit claimants to name the non-custodial parent was further tightened.
- iv. court orders were not allowed to take account of the existence and value of social security benefits.
- v. a disregard was introduced into Income Support to provide a positive incentive both to custodial parents to pursue maintenance and to non-custodial parents to contribute such payments.

But Australia is only one among several countries that have been taking steps to increase the payments to single parents from absent fathers. The Australian initiatives may or may not prove appropriate to British circumstances. The more general question is whether there are new public policies or programmes that would be cost-effective ways of:

1. extending liability for child support;
2. increasing the levels of child support payments and/or ensuring more regular indexing;
3. enforcing payments.

The Australian initiatives are aimed at all three areas; the experience of other countries, particularly the USA, suggests a range of alternative approaches.

A major difficulty in answering these questions is the very limited information on the income position of non-custodial parents. There has been no recent comprehensive study of this group in Britain. (A small sample study by Eeklar and Maclean in 1981 was limited to divorced parents). As already noted there has been a significant decline in the proportion of female single parents on supplementary benefits for whom maintenance payments are being made - from 38% in 1983 to 26% in 1986. [Table 2] The proximate causes are well known :

- first there has been a fall in the proportion of lone parents who are judged to have "liable" relatives - from 71% in 1983 to 59% in 1987. Possible reasons for this fall include the delayed effect of a decision in 1982 to concentrate staff where an immediate pay-off appeared likely; an increase in the number of unemployed liable relatives; and fewer unmarried mothers disclosing details of paternity;
- second there has also been a fall in the proportion of relatives judged "liable" who actually make maintenance payments - from 54% in 1983 to 44% in 1987. The reasons for this fall are not known.

But these trends throw no direct light on the proportions of non-custodial parents who could afford larger maintenance payments. Moreover at first sight trends in the obvious factors associated with an inability to afford maintenance - the growth in "never married" lone parents and in unemployment - would look to explain only a small part of the decline in the proportion of all parents who are paying maintenance.

In Australia the underlying assumption is that there are large numbers of non-custodial parents in a position to increase their maintenance payments. In the USA the same assumption has rather more empirical support but current payment levels look to be even lower than in Britain. Should further work suggest that a similar assumption was credible for Britain, the potential benefits from increased maintenance payments could be large.

CONCLUSION

Against the background of a rapid and continuing increase in the number of female lone parents on supplementary benefit the CSPRG may wish to consider whether :

1. the reasons for the low level and declining coverage of maintenance payments should be studied further;
- AND
2. depending on the outcome of this work detailed consideration should be given to the cost effectiveness of new methods of increasing maintenance payments, including those adopted in Australia.

EAO
September 1988

CHILD SUPPORT FORMULA : from July 1st 1989.

The formula can be expressed as follows:

$$((NCPY-SSC)-(CPY-dis))x\%=CS$$

Where;

NCPY = non-custodial's income
SSC = self support component
CPY = custodial parent's income
dis = disregard
x% = contribution rate percentage
CS = child support

DETAILS OF FORMULA

- SELF SUPPORT COMPONENT - Under the formula, an exemption is made for personal costs of the NCP to a set level (basic rate of pension) before the formula is applied. The exemption will also make allowance for natural or adopted children living with the NCP (married rate of pension plus additional pension for each child). (Current rates below.)

Self Support Component

- No Children = single rate pension (\$120.05 pw)
- With Children = married rate pension with one child (\$222.10 pw) plus additional pension for each child (\$22 pw under 13, \$28 pw 13-15, \$17 pw for students)

- CONTRIBUTION RATE PERCENTAGES - Parents paying maintenance will have the level of maintenance fixed as a proportion of their income above the exemption level. This varies from 18% for one child to 36% for five or more children. (see below)

Contribution Rate Percentages

- One Child 18%
- Two Children 27%
- Three Children 32%
- Four Children 34%
- Five + Children 36%

- INCOME FOR FORMULA - The formula has a ceiling in that the levy will not increase beyond that applying to two and a half times average weekly earnings (currently \$1228.50 per week).

- SUBSTITUTION - Non cash maintenance, such as transferring property, will reduce the level of maintenance required by the formula. Non cash recurrent maintenance of more than 25% of the amount implied by the formula will be disregarded for levy purposes.

The value of a lump sum provision is determined by apportioning it evenly over the period to the 18th birthday of the youngest child, except in the case of a housing capital provision. The value of the house is amortised over the period until the child reaches 18 at a nominal interest rate of 10%.

DISREGARD - For parents with custody of the child, their income will be disregarded under the formula unless it is higher than average weekly earnings, plus an allowance for work related child care costs. If their income is higher than this level, the maintenance to be paid by the other parent will be reduced.

Maintenance will be progressively reduced until income of the CP reaches 2.5 times AWE. However, the amount of child support to be paid by the NCP cannot fall below 25% of what it would have been if the whole of the CPs income was disregarded.

Example of weekly child support payments under the formula

Where the CP has income less than AWE and the NCP has no other dependent children to provide for.

NCP Annual Income \$	No. of Children		
	1	2	3
5000	0	0	0
10000	13.01	19.51	23.12
15000	30.31	45.47	53.89
20000	47.62	71.43	84.66
25000	64.93	97.39	115.43
30000	82.24	123.36	146.20
40000	116.85	175.28	207.74
50000	151.47	227.20	269.28
62500 (maximum)	194.74	292.11	346.20

PRIME MINISTER

LONE PARENT FAMILIES AND DEPENDANCY

John Moore's minute of 25 January (Flag A) reports that he has set work in hand on the problems of lone parent families and dependants. He briefly outlines the issues being addressed, and indicates that he is commissioning a full report by Easter.

The Policy Unit note at Flag B comments on this initiative. The Unit strongly supports the work in hand, but suggests you feed in a number of specific comments and suggestions on the work programme as summarised in pages 7-8 of the note.

Content to welcome John Moore's minute and to make the specific comments recommended by Policy Unit?

Paul

PAUL GRAY

27 January 1989

*We have discussed
 most of the points in the Policy
 Note at Cabinet Committee
 and I am sure that
 John Moore is aware of them
 - except perhaps the Affo-Caulica
 prop: - where do those
 figures come from?
 The important
 part is to
 know the
 contribution
 and I think he
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CONFIDENTIAL

Prime Minister

LONE PARENT FAMILIES AND DEPENDENCY

This note reports on work I have set in hand regarding lone parent families and dependency, a matter which gives increasing cause for concern. Numbers of lone parents have been rising - they now stand at about a million, or one family in seven - but of even more concern is that the proportion dependent on social security benefits has grown substantially, from 40% in 1979 to 65% in 1987. This reflects an actual doubling in numbers from 318,000 in 1979 to 659,000 in 1987. Yet maintenance paid by the fathers of the children in these families has at the same time been static in real terms, and for three-quarters of lone parent families claiming income support these men pay no maintenance at all.

There are two avenues which we need to pursue in order to tackle this. First, we need to make the men who should be helping to support these families acknowledge their responsibilities and do more to comply with them. Secondly, lone parents need to be encouraged and helped to work. Steps have already been taken in this direction with the provision for lone parents made in the

Employment Training programme and work is progressing on child care in John Patten's Ministerial Group on Women's Issues. We need to see if - consistent with what I think is rightly our voluntary, non-coercive approach - ways can be found of further increasing the number of lone parents in employment. This should reduce their heavy dependence on benefits and also enable employers and the economy to gain from the contribution lone parents can make to the workforce in the tighter market of the 1990s.

I have therefore asked my officials to examine possible ways forward in these areas, in discussion with officials in colleagues' departments, and to report back to me by Easter. I hope it will be possible for us to make early progress in tackling these issues and I want to bring forward proposals as soon as possible. I am copying this note to the members of H Committee and Sir Robin Butler.

25 January 1989


JM

PAUL GRAY

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✓ - care the case
hugh

23 January 1989

SINGLE PARENTS

REC
12/1

I thought that I should alert you to the fact that John Moore intends to minute the Prime Minister on this issue this week.

I would very much like to comment on this minute. I shall, however, be visiting the SDA and Scottish Homes on Tuesday and Wednesday. I will be back in the office on Thursday. Should John Moore's minute come in before that time, I would be grateful if you could hold back from submitting to the Prime Minister until I have had a chance to do a note.

Thanks.



ANDREW DUNLOP

file M4

- MISS. ROBILLIARD
- MR. WHITTINGDALE
- MR. MILLER
- MR. INGHAM
- MR. MORRIS

*bc: PAB
Questions*

PENSIONERS

The Prime Minister has cleared the attached letter which John Moore will be sending to Government supporters in the House.

You may also like to use the letter, either in this format, or more likely amended to suit the individual circumstances to deal with enquiries about pensioners.

PAB

P. A. BEARPARK

19 DECEMBER 1988

PA

Pensioners need, above all, to feel secure about their ability to live a decent and comfortable life in their retirement. Scaremongering by the Opposition and some journalists can only undermine this, and it is vital to set out clearly the facts of the Government's record; a record of which we can all be proud.

So far as the basic state pension is concerned we have always pledged to protect its value against inflation. This we have done - and for a million more pensioners now than when we came into office - year in, year out. For a single person it is now worth £41.15, and £65.90 for a married couple. Compare this to Labour's record. They make grand promises about linking pensions to earnings if these increase by more than prices. But one look at their record in office shows how hollow Labour's promises are. They switched from the historic to the forecast method of uprating. Consequently the pensioners were cheated out of £1 billion. Labour's inflationary policies and the miserable performance of the economy under Labour did more than anything else to reduce the living standards of pensioners.

Unlike Labour, who withheld the Christmas bonus in 1975 and 1976 we have paid it every year and put it on a firm legal basis.

Government spending on pensions is colossal. This is something in which we can take pride. Pensions properly reflect the obligation of those in work to contribute to the support of those who have retired, just as today's pensioners contributed through the National Insurance scheme towards others during their working lives. This year £23 billion will go on the basic pension, income support, the state earnings related pension and the old graduated pension. This is virtually half of all social security spending, itself by far the biggest part of government expenditure. In April 1989 social security spending on pensioners will increase by £1¹/₄ billion. And our expenditure on benefits for the elderly has risen by 24 per cent over and above the rate of inflation since we came to office.

But, and I cannot emphasise this enough, a secure retirement does not only rest on state benefits. What pensioners care about is their overall income and the value of the pound in their pocket.

On pensioners' total incomes - including interest on savings and occupational pensions as well as all forms of state support - our achievement is clear. Pensioners' average real incomes increased by 23 per cent between 1979 and 1986 compared with 3 per cent under Labour. As part of this, pensioners real incomes from savings and occupational pensions rose by nearly 60 per cent. Today, 80 per cent of all pensioners have an income over and above state support. This group is growing all the time, so that 85 per cent of newly retired pensioners have incomes of their own. On average, pensioners' total incomes rose twice as fast as the population as a whole in this period.

Compare also the position of people in work. Pensioners' total average income fell under Labour as a proportion of average manual earnings from 55 per cent to 53 per cent. Under this Government it has risen again not just to its 1974 level but even higher to 60 per cent in 1986.

The level of inflation is just as important. Pensioners suffered under the last Labour Government when inflation rocketed up to a twentieth century peak of 27 per cent and the real value of their savings actually fell by 3.4 per cent a year. The contrast with our period in office is stark. During our first seven years in office, pensioners' average income from savings increased by over 7 per cent a year, and by 64 per cent over the period. We have not allowed savings - money that pensioners have worked for and put by for their retirement - to be eaten away by runaway inflation. And a significantly higher proportion of pensioners enjoy an income from savings now than under Labour.

So, the affluence of pensioners as a group has grown under our stewardship. The poorest pensioners have shared in this. The

real incomes of the poorest 20 per cent have gone up by 17 per cent on average. And the proportion of pensioners in the lowest 20 per cent of incomes has fallen from 38 per cent in 1979 to 24 per cent in 1986.

But, we recognise that some pensioners have not shared fully in this prosperity, often because their working lives were interrupted by the War, and they retired too early to take full advantage of the State Earnings-Related Scheme. This is why on 24 November the Secretary of State for Social Security, the Rt. Hon. John Moore MP, announced an extra £200 million for poorer pensioners. 2.6 million people will benefit from the new arrangements for pensioners age 75 and over, 80 and over, and for disabled people over 60. This will mean an extra £2.50 a week for single pensioners on income support and an extra £3.50 a week for couples over and above the increases announced for the April uprating. Even pensioners with incomes above Income Support levels will get extra help with rent and rates. The scheme will start in October 1989 so elderly and disabled pensioners can look forward to two upratings next year.

In addition, cash help during very cold weather is now much more generous. Any seven day period of cold weather will trigger payments, which means that many more payments should be made than under last year's scheme which was based on rigid calendar weeks. For the first time, we are also including pensioners between 60-64.

In short, we have lived up to our obligations to pensioners as a whole who have been able to enjoy growing affluence without the fear of rampant inflation. At the same time we have identified those pensioners who need extra care and support and ensured that they will get it. This is our duty, and we have not shirked it.



SWZALO

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 December 1988

Thank you for your letter of 16 December with which you enclosed a redraft of the "pensioners letter". The Prime Minister has now approved this, subject to the following amendments:

Paragraph 2: the penultimate sentence should now read:

"They switched from the historic to the forecast method of uprating. Consequently the pensioners were cheated of £1 billion."

In the second paragraph on the last page the Prime Minister is concerned that as drafted it is not clear that the paragraph refers to income support. She has therefore suggested that the third sentence should read:

"2.6 million people will gain from new premiums for pensioners on income support aged 75 and over...", and again the words "on income support" should be inserted after "single pensioners" in the next sentence.

Subject to these amendments the letter may now issue and be used as agreed.

(P. A. BEARPARK)

Ms. Gill Littlehales,
Department of Social Security.



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social ~~Security~~ Security

Andy Bearpark Esq
Private Secretary
10 Downing Street
London SW1A 5AA

16 December 1988

Prime Minister

I think this is rather better.

Content? ^{per 16/12}

Dear Andy

PENSIONERS LETTER

I attach a redraft of the letter setting out the Government's record on pensioners, which takes into account the Prime Minister's comments on the original draft.

Subject to the Prime Minister's views, my Secretary of State is anxious to write in similar terms to all individual Government supporters in the House.

Yours sincerely
Gill Littlehales

GILL LITTLEHALES
Private Secretary

Better - see
acknowledgment
mt

DRAFT LETTER FOR PRIME MINISTER ON PENSIONS

ABC

Pensioners need, above all, to feel secure about their ability to live a decent and comfortable life in their retirement. Scaremongering by the Opposition and some journalists can only undermine this, and it is vital to set out clearly the facts of the Government's record; a record of which we can all be proud.

So far as the basic state pension is concerned we have always pledged to protect its value against inflation. This we have done - and for a million more pensioners now than when we came to office - year in, year out. For a single person it is now worth £41.15, and £65.90 for a married couple. Compare this to Labour's record. They make grand promises about linking pensions to earnings if these increase by more than prices. But one look at their record in office shows how hollow Labour's promises are. They switched from the historic ^{we should} to the forecast method of uprating, ^{and consequently the} ~~deliberately to cheat~~ pensioners of £1 billion. Labour's inflationary policies and the miserable performance of the economy under Labour did more than anything else to reduce the living standards of pensioners.

Unlike Labour, who withheld the Christmas bonus in 1975 and 1976 we have paid it every year and put it on a firm legal basis.

Government spending on pensions is colossal. This is something in which we can take pride. Pensions properly reflect the obligation of those in work to contribute to the support of those who have retired, just as today's pensioners contributed through the National Insurance scheme towards others during their working lives. This year £23 billion will go on the basic pension, income support, the state earnings related pension and the old graduated pension. This is virtually half of all social security spending, itself by far the biggest part of government expenditure. In April 1989 social security spending on pensioners will increase by £1¹/₄ billion. And our expenditure on benefits for the elderly has risen by 24 per cent over and above the rate of inflation since we came to office.

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Not clear
about what
was referred to
Income
Support

R15112

*Re: Gary
Li!*

Mr A Bearpark
Private Secretary
10 Downing Street
London SW1

15 DEC 1988

*ABJ
15/12*

Dear Andy

TAX BENEFIT MODEL TABLES

The publication of the April 1988 Tax Benefit Model Tables will be announced in answer to an Inspired Question following Prime Minister's Questions on Thursday 15 December. A copy of the tables are attached along with the Question and Answer and the Press Release. Both the Parliamentary Reply and the Press Release provide details of some changes to the treatment of income which Ministers have approved for this year.

The controversy early this year over pre and post reform hypothetical income comparisons has now abated. The published tables (which include actual average - rather than projected average - rents and rates) do not contain such comparisons. Should any further issues arise we will, of course, provide briefing.

Copies of this letter go to Stuart Lord in John Moore's office and Private Secretaries to all Cabinet members.

Jane Rintoul

JANE RINTOUL
Private Secretary to the
Parliamentary Under-
Secretary of State for
Social Security

SUGGESTED QUESTION AND ANSWER: APRIL 1988 TAX BENEFIT MODEL TABLES

- Q. To ask the Secretary of State for Social Security when he will publish the April 1988 edition of the Tax Benefit Model Tables and if he will make a statement.
- A. I have placed copies of these tables in the Library today.

We have improved the presentation of the tables. By including "take-home pay" and net income before as well as after housing costs, we have made clearer the steps by which gross earnings are turned into final figures. We have also replaced the heading "marginal tax rate" by "marginal tax/benefit withdrawal rate". This more accurately describes the marginal deduction from income which occurs as gross earnings rise. As in previous editions, and in order to illustrate fully the interplay between the tax and the benefit systems, the tables apply to local authority tenants. This year we have reflected this in the title of the tables.

In the tables expenses which claimants are expected to meet themselves are now treated as a part of net disposable income rather than deducted as they were before. This applies in particular to water service charges and fares to work. For those out of work and receiving Income Support, water service charges are treated like any other ordinary item of domestic expenditure. No particular fares to work figure, including the average, can represent the range of costs which occur in practice. Moreover, as many as one in three working people have no travel to work costs. The tables, therefore, assume no fares to work or other work related expenses, but anyone wishing to deduct a particular amount, for example, the estimated average amount of £6.30 (which would be consistent with previous years figures), can make the appropriate adjustment to the net income figures shown in the tables.

Despite these improvements, the examples in the tables remain arbitrary. They cannot reflect, except by chance, the actual circumstances of particular people and cannot claim to be representative of the population at large. The tables use average rents and local authority rates so they do not reflect the full range of housing costs which people can pay. The family characteristics in the tables are chosen only to illustrate various features of the social security system.

DRAFT

DRAFT

DRAFT

88/571

15 December 1988

IMPROVED PRESENTATION FOR THE APRIL 1988
TAX BENEFIT MODEL TABLES

Peter Lloyd, Parliamentary Secretary for Social Security, today announced the publication of the April 1988 Tax Benefit Model Tables. These illustrate the interplay between the tax and benefit systems. They give details of the weekly financial circumstances of a series of hypothetical local authority tenants with a variety of family sizes and ages of children.

Replying to a Parliamentary Question, from... Mr Lloyd said:

"We have improved the presentation of the tables. By including take-home pay and net income before as well as after housing costs, we have made clearer the steps by which gross earnings are turned into final figures. We have also replaced the heading marginal tax rate by marginal tax/benefit withdrawal rate. This more accurately describes the marginal deduction from income which occurs as gross earnings rise. As in previous editions, and in order to illustrate fully the interplay between the tax and the benefit systems, the tables apply to local authority tenants. This year we have reflected this in the title of the tables.

"In the tables, expenses which claimants are expected to meet themselves are now treated as a part of net disposable income rather than deducted as they were before. This applies in particular to water service charges and fares to work. For those out of work and receiving Income Support, water service charges are treated like any other ordinary item of domestic expenditure.

[MORE]

No particular fares to work figure, including the average, can represent the range of costs which occur in practice. Moreover, as many as one in three working people have no travel to work costs. The tables therefore assume no fares to work or other work related expenses, but anyone wishing to deduct a particular amount, for example the estimated average amount of £6.30 (which would be consistent with previous years' figures), can make the appropriate adjustment to the net income figures shown in the tables.

"Despite these improvements, the examples in the tables remain arbitrary. They cannot reflect, except by chance, the actual circumstances of particular people and cannot claim to be representative of the population at large. The tables use average rents and local authority rates so they do not reflect the full range of housing costs which people can pay. The family characteristics in the tables are chosen only to illustrate various features of the social security system."

Mr Lloyd added:

"These tables are designed to help MPs, claimant advisory groups, academics and journalists who wish to understand the tax and benefit systems and the way they inter-relate."

NOTES FOR EDITORS

The tables are put out in published form to limit the need for MPs and others to ask for the data through Parliamentary Questions or other ad hoc requests. They have been published for a number of years and until 1986 were published twice a year - after the Budget each March and after the uprating of benefits. Under the reform of social security, tax and benefit changes take place together - so only one version is needed. Formal publication of the tables occurs after information becomes known on local authority rent and rates levels.

The April 1988 tables are the first in a series on the reformed structure of income related benefits. Figures are shown for tenants who are both in and out of work and illustrative cases cover single persons, lone parents and married couples with and without children.

The Poverty Trap: the tables show that it is no longer possible for the income tax and income-related benefit systems to interact to create combined deduction rates of 100 per cent or more. One of the worst features of the "poverty trap" has been eliminated. They also show that, exceptionally, crossing a national insurance contribution threshold can mean a withdrawal rate exceeding 100 per cent.

The Unemployment Trap arises when, for a particular family, the gap between income from work and income when unemployed is narrow. Under the previous system (and because of the 'poverty trap') this gap could be narrower for families who earned more than similar families earning a good deal less. The reformed system ensured that this does not happen. The gap is wider at higher earnings levels, not narrower, as it was before.

In addition, the tables show that the levels of gross earnings at which net income becomes equal to income when unemployed are very low:

- * £24.78 for a couple with two children aged 4 and 6
- * £24.78 for a couple with four children aged 3, 8, 11 & 16
- * £33.40 for a single person aged over 25
- * £54.16 for a married couple

Family Credit

Amounts payable by way of Family Credit are generous (and will be considerably more generous from April 1989):

- * a couple with 2 children, aged 11 and 14, with the father earning about £135 a week gross (£7020 pa) would qualify for about £14.70 a week (£20.70 from next April)
- * a lone parent with one child aged 5, and gross earnings of £75 a week (£3900 pa) would get £25 now (over £30 from next April)

Families on higher levels of earnings are eligible for Family Credit. For example, families below the following gross earnings levels are eligible:

- * £166 for a family with 2 children aged 11 and 14
(£179 from next April)
- * £130 for a lone parent with one child aged 5
(£139 from next April)
- * £168 for a couple with 3 children aged 3, 8 and 11
(£183 from next April)

From April 1989, the new Family Credit children's rates will more than compensate for the standstill in Child Benefit.

Changes Since The 1987 Edition

The April 1988 issue incorporates the following presentational changes and improvements:

- * take-home pay (net earned income after the payment of any income tax and national insurance) is now separately identified. Whereas, under the previous system of benefits, Family Income Supplement and pre-reform Housing Benefit were assessed against gross income, Family Credit and reformed Housing Benefit are assessed on net income
- * total net income (take home pay plus any benefit income) is shown as well as net income after the payment of housing costs (average rents and local authority rates for local authority tenants)
- * the heading marginal tax rate is replaced by marginal tax/benefit withdrawal rate. This more accurately describes the combined marginal deduction produced by income tax, national insurance and benefit withdrawal as gross earnings rise.
- * water service charges are treated like charges for all other fixed domestic utility supplies (e.g. gas, electricity and telephone services) and not deducted from net income. Under Supplementary Benefit, water charges could be paid directly on behalf of the claimant. Under income support, water charges are paid by the claimant.

[MORE]

- * fares to work (previously included as a proxy for work-related expenses) are excluded. Under Supplementary Benefit, some initial assistance with interview costs and other initial employment costs was provided to unemployed claimants.

Despite adjustments to rents and rates for family size and composition, the inclusion of average housing costs for local authority tenants remain an arbitrary feature of the tables. They are needed to show the workings of Housing Benefit. The family characteristics included in the tables are chosen to display various features of the social security system. The tables provide hypothetical examples and cannot be taken as representative of the circumstances of the population at large.

Further advice is available in the Notes accompanying the Tables themselves. Copies of the Tables can be obtained, price £3.30, from:

SR3A
Department of Social Security
Room A525
Alexander Fleming House
Elephant and Castle
London
SE1 6BY

01-407 5522 extension 6723

The Tables Themselves

Employed Versions (Table I): there are ten tables for tenants with different family characteristics covering gross earnings levels from £60 to £310 per week in £1 steps. All of the following are shown separately on a weekly basis:

- * the relevant income tax threshold and basic income tax rate
- * income tax payable (on a "week one" basis)
- * national insurance contributions
- * take home pay
- * Family Credit entitlement
- * Child Benefit entitlement
- * average local authority rent appropriate to family size and any rent rebate entitlement
- * average local authority rates appropriate to family size and any rate rebate payable
- * total net income from pay and benefits
- * total net income after the payment of average local authority rent and rates
- * the combined marginal deduction rate which arises when gross earnings are increased by £1. This covers the effects of income tax, national insurance contributions and the withdrawal of any Family Credit, rent or rate rebate entitlement.

It should be noted that the illustrative combined marginal tax/benefit withdrawal rates are maximum rates which only apply in the 5 week intervals relevant to the initial assessment or subsequent reassessment of Family Credit. Family Credit awards usually last for 6 months. Legally, Housing Benefit rent and rate rebates are, like Income Support, continuously reassessed.

Unemployed Versions (Tables II): these are similar to the employed versions but they show:

- * total net income on Income Support
- * net income after housing cost payments on Income Support
- * former gross earnings (in £1 steps)
- * payable unemployment benefit
- * any continuing entitlement to Family Credit
- * any Child Benefit entitlement
- * appropriate local authority average rent and rates and any rent and rate rebate entitlement
- * total net income from benefits
- * net income after housing costs

Unemployed Versions (Table III): this table summarises for 10 types of local authority tenant, net income when in receipt of Income Support but without a continuing payment of Family Credit.

In addition, there are two Summary Tables which show:

- A: levels of gross earnings at which net income in work becomes equal to net income when unemployed and in receipt of Income Support
- B: "replacement ratios": net income after housing costs when unemployed and in receipt of Income Support expressed as a percentage of net income when in work at various levels of gross earnings

Several examples are also shown of how net income after housing costs is calculated for a hypothetical family.

[ENDS]

DEPARTMENT OF SOCIAL SECURITY

TAX/BENEFIT MODEL TABLES

THE FINANCIAL POSITION OF HYPOTHETICAL LOCAL AUTHORITY TENANTS WHERE THE
HEAD IS WORKING OR UNEMPLOYED AT APRIL 1988

DECEMBER 1988

PRICE: £3.30

ISBN: 1 85197 4024

(C) CROWN COPYRIGHT 1988

These tables have been produced by section SR3A of BSS. Further information may be obtained from

SR3A
Room A526
Alexander Fleming House
Elephant and Castle
London SE1 6BY

Telephone 01 407 5522 extension 6723

Copies are deposited in the Parliamentary Library.

TAX/BENEFIT MODEL TABLES

POSITION AS AT APRIL 1988

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TAX BENEFIT MODEL TABLES: APRIL 1988 VERSION
THE FINANCIAL POSITION OF HYPOTHETICAL LOCAL AUTHORITY TENANTS WITH THE
HEAD IN FULL-TIME WORK OR UNEMPLOYED IN APRIL 1988

Notes to Tables

1. The tables give details of the weekly financial circumstances of a selection of hypothetical local authority tenants. Table I shows the position where the head of a family is a full-time employee with gross weekly earnings in the range £60-£130 and tables II and III cover the different circumstances that can pertain where the head is unemployed. A number of simplifying assumptions (see especially notes 5 and 8) underly the tables which therefore do not cover a representative cross-section of all families affected by benefit rates. The tables cannot be used to calculate the position of families not illustrated because any change in one variable may well affect other benefits.
2. One of the uses of the tables is to calculate "Net Income after Housing Costs". This is shown as a column in each of Tables I-III and represents the net available income. In tables I and II it is calculated by adding together the various elements in a family's weekly income (earnings, social security benefits and housing benefit) and deducting certain out-goings (income tax, national insurance contributions and rent and rates). In table III it is calculated as in tables I and II except that the value of any free school meals and welfare milk are also added to a family's weekly income (this is because some income support recipients have an underlying entitlement to free school meals and welfare milk). The Annex provides illustrations of the calculations for two hypothetical families both when the head is in work and out of work. It also shows how entitlement to income support is calculated.
3. A change to this year's edition is the removal of the "fares to work" column from table I. This has been done to reduce the number of arbitrary elements that appear in the tables and in view of the inadequacy in using a single average figure in this context. Had "fares to work" remained, the estimated cost for April 1988 would have been £6.30 a week. This amount (or any other appropriate "fares to work" figures) can be deducted from the NIAHC figure in table I to show the possible effect of any unavoidable work related expenses. Such an assumption would also have a direct effect on Tables A and B. Two other changes since last year's publication are the inclusion of a "take home pay" column in table I and a "total net income" column in tables I, II and III (definitions of "take home pay" and "total net income" are given on page 4).
4. Table I also shows a column headed "marginal tax / benefit withdrawal rate". This represents the percentage of each additional £1 of gross earnings lost because of increased tax and national insurance contributions and reduced levels of entitlement to income related benefits such as family credit and rent and rate rebates. It must be emphasised that for families with children the tables cannot be used to determine the net effects of any pay increases. Some benefits (eg. family credit) would be unaffected by changes in circumstances until the award came up for renewal. To this extent, the additional income initially received would be higher than that shown.

5. Tables II and III represent the position where the head is unemployed. Table II shows the case with the head in receipt of unemployment benefit and of any continuing payment of family credit. When the latter does not exist, net income after housing costs is the same for all levels of former earnings. For comparison, net income after housing costs available to families in similar circumstances but receiving income support is shown at the head of tables I and II. A similar figure is also shown for Total Net Income on income support. Table III covers the latter in greater detail for cases both with and without unemployment benefit.
6. Each family is assumed to live in council property appropriate to its size and to pay estimated average rent and rates for the 1988/89 financial year based on information collected from local authorities (Water rates are not included in the tables). However, the use of average rent and rate figures conceals the wide variety in local authority housing charges and in families' actual circumstances and housing arrangements. Also it should be noted that about a third of all council tenants receive a full rent rebate and 80% rate rebate. None of these tenants are covered in Table I though their rent figures are used in the calculation of the overall estimated average rent.
7. Under the housing benefits scheme all assistance with rent and general rates is provided by local authorities in the form of rebates or allowances. At net incomes up to the income support level claimants receive 100 per cent of their rent and 80 per cent of their rates, less certain deductions, eg if there are non-dependants in the household who are expected to make a contribution to the housing costs. Once income exceeds this level rent rebates are withdrawn at 65 per cent and rate rebates at 20 per cent.
8. Unemployment benefit and/or income support paid to someone required to be available for work is taxable up to the standard rate of unemployment benefit plus an addition for a wife or adult dependant where appropriate. In practice this does not affect the amount of benefit paid but it can affect the amount of tax refund received at the end of the year by those who had been earning for part of the year. These tables do not take account of any tax refundable.
9. Other assumptions relating to the tables are as follows:-
 - a. All tables
 - i. Families have no capital other than that shown in the tables.
 - ii. The housing benefit, family credit, child benefit, one parent benefit, unemployment benefit and income support rates used relate to April 1988.
 - iii. The value of free welfare milk is £1.83 per week.
 - iv. The value of free school meals is £2.55 per week. This figure represents an average amount for the whole year, taking account of school holidays.
 - v. Families are assumed to take up their entitlement to all means tested benefits with the exception of income support in Table II. Lone parents are assumed to take up their entitlement to one parent benefit.

b. Table I

- i. There are no tax allowances apart from personal allowances.
- ii. There is no reduced tax liability due to spells of unemployment or sickness earlier in the tax year.
- iii. The earner is not contracted out of the state earnings related pension scheme and therefore national insurance contributions are at the rate of 5, 7 or 9 per cent as appropriate.

c. Tables II and III (Unemployed and in receipt of unemployment benefit together with any continuing entitlement to family credit).

The family head qualifies for standard rate unemployment benefit and dependancy additions as appropriate.

- ii. Families receiving family credit or income support get extra help by virtue of their automatic entitlement (passport) to free prescriptions, exemption from dental and optical charges and help with patients' fares to hospital. Some help in these areas may also be available to other families including those with incomes not much greater than income support level. No attempt is made to quantify the value of such extra items to low income families since their worth will vary according to family circumstances.

DEFINITIONS AND ABBREVIATIONS

CHB	child benefit: for lone parents includes one parent benefit
FC	family credit
IS	Income support
MC	married couple
MTWR	marginal tax / benefit withdrawal rate - ie. the percentage of additional gross earnings lost after deduction of tax and NI and taking account of reduced entitlement to income related benefits.
NI	national insurance contributions
NIAHC	net income after housing costs - ie. TNI minus housing costs (subject to the assumptions used in each particular case)
SP	single person
THP	take home pay - ie. gross earnings minus tax and NI
TNI	total net income - ie. THP plus social security benefits and housing benefit (includes the value of free school meals and free welfare milk where appropriate).
UB	unemployment benefit

SYSTEM IN APRIL 1988

SINGLE PERSON AGED 25 OR OVER

DHSS BKJA

EARNINGS AND BENEFITS
FAMILY HEAD IN FULL-TIME WORK
AS AT APRIL 88

TAX THRESHOLD = £50.10

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £55.52

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £32.02

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	2.48	3.00	54.52	0.00	0.00	16.60	6.12	6.90	2.30	62.94	39.44	90.0
61.00	2.73	3.05	55.22	0.00	0.00	16.60	5.66	6.90	2.16	63.04	39.54	89.0
62.00	2.98	3.10	55.92	0.00	0.00	16.60	5.21	6.90	2.02	63.15	39.65	90.0
63.00	3.23	3.15	56.62	0.00	0.00	16.60	4.75	6.90	1.88	63.25	39.75	89.0
64.00	3.48	3.20	57.32	0.00	0.00	16.60	4.30	6.90	1.74	63.36	39.86	90.0
65.00	3.73	3.25	58.02	0.00	0.00	16.60	3.84	6.90	1.60	63.46	39.96	89.0
66.00	3.98	3.30	58.72	0.00	0.00	16.60	3.39	6.90	1.46	63.57	40.07	90.0
67.00	4.23	3.35	59.42	0.00	0.00	16.60	2.93	6.90	1.32	63.67	40.17	89.0
68.00	4.48	3.40	60.12	0.00	0.00	16.60	2.48	6.90	1.18	63.78	40.28	90.0
69.00	4.73	3.45	60.82	0.00	0.00	16.60	2.02	6.90	1.04	63.88	40.38	110.0
70.00	4.98	4.90	60.12	0.00	0.00	16.60	2.48	6.90	1.18	63.78	40.28	90.0
71.00	5.23	4.97	60.80	0.00	0.00	16.60	2.04	6.90	1.04	63.88	40.38	91.0
72.00	5.48	5.04	61.48	0.00	0.00	16.60	1.59	6.90	0.90	63.97	40.47	89.0
73.00	5.73	5.11	62.16	0.00	0.00	16.60	1.15	6.90	0.77	64.08	40.58	90.0
74.00	5.98	5.18	62.84	0.00	0.00	16.60	0.71	6.90	0.63	64.18	40.68	166.0
75.00	6.23	5.25	63.52	0.00	0.00	16.60	0.00	6.90	0.00	63.52	40.02	32.0
76.00	6.48	5.32	64.20	0.00	0.00	16.60	0.00	6.90	0.00	64.20	40.70	32.0
77.00	6.73	5.39	64.88	0.00	0.00	16.60	0.00	6.90	0.00	64.88	41.38	32.0
78.00	6.98	5.46	65.56	0.00	0.00	16.60	0.00	6.90	0.00	65.56	42.06	32.0
79.00	7.23	5.53	66.24	0.00	0.00	16.60	0.00	6.90	0.00	66.24	42.74	32.0
80.00	7.48	5.60	66.92	0.00	0.00	16.60	0.00	6.90	0.00	66.92	43.42	32.0
81.00	7.73	5.67	67.60	0.00	0.00	16.60	0.00	6.90	0.00	67.60	44.10	32.0
82.00	7.98	5.74	68.28	0.00	0.00	16.60	0.00	6.90	0.00	68.28	44.78	32.0
83.00	8.23	5.81	68.96	0.00	0.00	16.60	0.00	6.90	0.00	68.96	45.46	32.0
84.00	8.48	5.88	69.64	0.00	0.00	16.60	0.00	6.90	0.00	69.64	46.14	32.0
85.00	8.73	5.95	70.32	0.00	0.00	16.60	0.00	6.90	0.00	70.32	46.82	32.0

SINGLE PERSON AGED 25 OR OVER

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
86.00	8.98	6.02	71.00	0.00	0.00	16.60	0.00	6.90	0.00	71.00	47.50	32.0
87.00	9.23	6.09	71.68	0.00	0.00	16.60	0.00	6.90	0.00	71.68	48.18	32.0
88.00	9.48	6.16	72.36	0.00	0.00	16.60	0.00	6.90	0.00	72.36	48.86	32.0
89.00	9.73	6.23	73.04	0.00	0.00	16.60	0.00	6.90	0.00	73.04	49.54	32.0
90.00	9.98	6.30	73.72	0.00	0.00	16.60	0.00	6.90	0.00	73.72	50.22	32.0
91.00	10.23	6.37	74.40	0.00	0.00	16.60	0.00	6.90	0.00	74.40	50.90	32.0
92.00	10.48	6.44	75.08	0.00	0.00	16.60	0.00	6.90	0.00	75.08	51.58	32.0
93.00	10.73	6.51	75.76	0.00	0.00	16.60	0.00	6.90	0.00	75.76	52.26	32.0
94.00	10.98	6.58	76.44	0.00	0.00	16.60	0.00	6.90	0.00	76.44	52.94	32.0
95.00	11.23	6.65	77.12	0.00	0.00	16.60	0.00	6.90	0.00	77.12	53.62	32.0
96.00	11.48	6.72	77.80	0.00	0.00	16.60	0.00	6.90	0.00	77.80	54.30	32.0
97.00	11.73	6.79	78.48	0.00	0.00	16.60	0.00	6.90	0.00	78.48	54.98	32.0
98.00	11.98	6.86	79.16	0.00	0.00	16.60	0.00	6.90	0.00	79.16	55.66	32.0
99.00	12.23	6.93	79.84	0.00	0.00	16.60	0.00	6.90	0.00	79.84	56.34	32.0
100.00	12.48	7.00	80.52	0.00	0.00	16.60	0.00	6.90	0.00	80.52	57.02	32.0
101.00	12.73	7.07	81.20	0.00	0.00	16.60	0.00	6.90	0.00	81.20	57.70	32.0
102.00	12.98	7.14	81.88	0.00	0.00	16.60	0.00	6.90	0.00	81.88	58.38	32.0
103.00	13.23	7.21	82.56	0.00	0.00	16.60	0.00	6.90	0.00	82.56	59.06	32.0
104.00	13.48	7.28	83.24	0.00	0.00	16.60	0.00	6.90	0.00	83.24	59.74	242.0
105.00	13.73	9.45	81.82	0.00	0.00	16.60	0.00	6.90	0.00	81.82	58.32	34.0
106.00	13.98	9.54	82.48	0.00	0.00	16.60	0.00	6.90	0.00	82.48	58.98	34.0

BETWEEN EARNINGS OF £107 AND £303 DEDUCTIONS OF BASIC TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

304.00	63.48	27.36	213.16	0.00	0.00	16.60	0.00	6.90	0.00	213.16	189.66	34.0
305.00	63.73	27.45	213.82	0.00	0.00	16.60	0.00	6.90	0.00	213.82	190.32	25.0
306.00	63.98	27.45	214.57	0.00	0.00	16.60	0.00	6.90	0.00	214.57	191.07	25.0
307.00	64.23	27.45	215.32	0.00	0.00	16.60	0.00	6.90	0.00	215.32	191.82	25.0
308.00	64.48	27.45	216.07	0.00	0.00	16.60	0.00	6.90	0.00	216.07	192.57	25.0
309.00	64.73	27.45	216.82	0.00	0.00	16.60	0.00	6.90	0.00	216.82	193.32	25.0
310.00	64.98	27.45	217.57	0.00	0.00	16.60	0.00	6.90	0.00	217.57	194.07	25.0

SYSTEM IN APRIL 1988

SINGLE PERSON WITH 1 CHILD AGED 3

DHSS BR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £80.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £54.29

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	34.27	12.15	18.60	0.00	7.70	0.00	103.42	77.12	72.0
61.00	0.00	3.05	57.95	33.60	12.15	18.60	0.00	7.70	0.00	103.70	77.40	71.0
62.00	0.00	3.10	58.90	32.94	12.15	18.60	0.00	7.70	0.00	103.99	77.69	72.0
63.00	0.00	3.15	59.85	32.27	12.15	18.60	0.00	7.70	0.00	104.27	77.97	71.0
64.00	0.00	3.20	60.80	31.61	12.15	18.60	0.00	7.70	0.00	104.56	78.26	72.0
65.00	0.00	3.25	61.75	30.94	12.15	18.60	0.00	7.70	0.00	104.84	78.54	71.0
66.00	0.00	3.30	62.70	30.28	12.15	18.60	0.00	7.70	0.00	105.13	78.83	72.0
67.00	0.00	3.35	63.65	29.61	12.15	18.60	0.00	7.70	0.00	105.41	79.11	71.0
68.00	0.00	3.40	64.60	28.95	12.15	18.60	0.00	7.70	0.00	105.70	79.40	72.0
69.00	0.00	3.45	65.55	28.28	12.15	18.60	0.00	7.70	0.00	105.98	79.68	113.0
70.00	0.00	4.90	65.10	28.60	12.15	18.60	0.00	7.70	0.00	105.85	79.55	73.0
71.00	0.00	4.97	66.03	27.94	12.15	18.60	0.00	7.70	0.00	106.12	79.82	72.0
72.00	0.00	5.04	66.96	27.29	12.15	18.60	0.00	7.70	0.00	106.40	80.10	72.0
73.00	0.00	5.11	67.89	26.64	12.15	18.60	0.00	7.70	0.00	106.68	80.38	72.0
74.00	0.00	5.18	68.82	25.99	12.15	18.60	0.00	7.70	0.00	106.96	80.66	72.0
75.00	0.00	5.25	69.75	25.34	12.15	18.60	0.00	7.70	0.00	107.24	80.94	72.0
76.00	0.00	5.32	70.68	24.69	12.15	18.60	0.00	7.70	0.00	107.52	81.22	72.0
77.00	0.00	5.39	71.61	24.04	12.15	18.60	0.00	7.70	0.00	107.80	81.50	72.0
78.00	0.00	5.46	72.54	23.39	12.15	18.60	0.00	7.70	0.00	108.08	81.78	74.0
79.00	0.04	5.53	73.41	22.78	12.15	18.60	0.00	7.70	0.00	108.34	82.04	80.0
80.00	0.31	5.60	74.09	22.30	12.15	18.60	0.00	7.70	0.00	108.54	82.24	79.0
81.00	0.56	5.67	74.77	21.83	12.15	18.60	0.00	7.70	0.00	108.75	82.45	80.0
82.00	0.81	5.74	75.45	21.35	12.15	18.60	0.00	7.70	0.00	108.95	82.65	79.0
83.00	1.06	5.81	76.13	20.88	12.15	18.60	0.00	7.70	0.00	109.16	82.86	80.0
84.00	1.31	5.88	76.81	20.40	12.15	18.60	0.00	7.70	0.00	109.36	83.06	80.0
85.00	1.56	5.95	77.49	19.92	12.15	18.60	0.00	7.70	0.00	109.56	83.26	79.0
86.00	1.81	6.02	78.17	19.45	12.15	18.60	0.00	7.70	0.00	109.77	83.47	80.0

SINGLE PERSON WITH 1 CHILD AGED 3

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
87.00	2.06	6.09	78.85	18.97	12.15	18.60	0.00	7.70	0.00	109.97	83.67	79.0
88.00	2.31	6.16	79.53	18.50	12.15	18.60	0.00	7.70	0.00	110.18	83.88	80.0
89.00	2.56	6.23	80.21	18.02	12.15	18.60	0.00	7.70	0.00	110.38	84.08	80.0
90.00	2.81	6.30	80.89	17.54	12.15	18.60	0.00	7.70	0.00	110.58	84.28	79.0
91.00	3.06	6.37	81.57	17.07	12.15	18.60	0.00	7.70	0.00	110.79	84.49	80.0
92.00	3.31	6.44	82.25	16.59	12.15	18.60	0.00	7.70	0.00	110.99	84.69	79.0
93.00	3.56	6.51	82.93	16.12	12.15	18.60	0.00	7.70	0.00	111.20	84.90	80.0
94.00	3.81	6.58	83.61	15.64	12.15	18.60	0.00	7.70	0.00	111.40	85.10	80.0
95.00	4.06	6.65	84.29	15.16	12.15	18.60	0.00	7.70	0.00	111.60	85.30	79.0
96.00	4.31	6.72	84.97	14.69	12.15	18.60	0.00	7.70	0.00	111.81	85.51	80.0
97.00	4.56	6.79	85.65	14.21	12.15	18.60	0.00	7.70	0.00	112.01	85.71	79.0
98.00	4.81	6.86	86.33	13.74	12.15	18.60	0.00	7.70	0.00	112.22	85.92	80.0
99.00	5.06	6.93	87.01	13.26	12.15	18.60	0.00	7.70	0.00	112.42	86.12	80.0
100.00	5.31	7.00	87.69	12.78	12.15	18.60	0.00	7.70	0.00	112.62	86.32	79.0
101.00	5.56	7.07	88.37	12.31	12.15	18.60	0.00	7.70	0.00	112.83	86.53	80.0
102.00	5.81	7.14	89.05	11.83	12.15	18.60	0.00	7.70	0.00	113.03	86.73	79.0
103.00	6.06	7.21	89.73	11.36	12.15	18.60	0.00	7.70	0.00	113.24	86.94	80.0
104.00	6.31	7.28	90.41	10.88	12.15	18.60	0.00	7.70	0.00	113.44	87.14	143.0
105.00	6.56	7.35	91.09	10.41	12.15	18.60	0.00	7.70	0.00	113.64	87.34	80.0
106.00	6.81	7.42	91.77	9.93	12.15	18.60	0.00	7.70	0.00	113.84	87.54	80.0
107.00	7.06	7.49	92.45	9.46	12.15	18.60	0.00	7.70	0.00	114.04	87.74	80.0
108.00	7.31	7.56	93.13	8.98	12.15	18.60	0.00	7.70	0.00	114.24	87.94	80.0
109.00	7.56	7.63	93.81	8.51	12.15	18.60	0.00	7.70	0.00	114.44	88.14	81.0
110.00	7.81	7.70	94.49	8.03	12.15	18.60	0.00	7.70	0.00	114.64	88.34	80.0
111.00	8.06	7.77	95.17	7.56	12.15	18.60	0.00	7.70	0.00	114.84	88.54	80.0
112.00	8.31	7.84	95.85	7.08	12.15	18.60	0.00	7.70	0.00	115.04	88.74	80.0
113.00	8.56	7.91	96.53	6.61	12.15	18.60	0.00	7.70	0.00	115.24	88.94	80.0
114.00	8.81	7.98	97.21	6.13	12.15	18.60	0.00	7.70	0.00	115.44	89.14	81.0
115.00	9.06	8.05	97.89	5.66	12.15	18.60	0.00	7.70	0.00	115.64	89.34	80.0
116.00	9.31	8.12	98.57	5.18	12.15	18.60	0.00	7.70	0.00	115.84	89.54	80.0
117.00	9.56	8.19	99.25	4.71	12.15	18.60	0.00	7.70	0.00	116.04	89.74	80.0
118.00	9.81	8.26	99.93	4.23	12.15	18.60	0.00	7.70	0.00	116.24	89.94	80.0
119.00	10.06	8.33	100.61	3.76	12.15	18.60	0.00	7.70	0.00	116.44	90.14	81.0
120.00	10.31	8.40	101.29	3.28	12.15	18.60	0.00	7.70	0.00	116.64	90.34	80.0
121.00	10.56	8.47	101.97	2.81	12.15	18.60	0.00	7.70	0.00	116.84	90.54	80.0
122.00	10.81	8.54	102.65	2.33	12.15	18.60	0.00	7.70	0.00	117.04	90.74	80.0
123.00	11.06	8.61	103.33	1.86	12.15	18.60	0.00	7.70	0.00	117.24	90.94	80.0
124.00	11.31	8.68	104.01	1.38	12.15	18.60	0.00	7.70	0.00	117.44	91.14	81.0
125.00	11.56	8.75	104.69	0.91	12.15	18.60	0.00	7.70	0.00	117.64	91.34	80.0
126.00	11.81	8.82	105.37	0.43	12.15	18.60	0.00	7.70	0.00	117.84	91.54	80.0

SINGLE PERSON WITH 1 CHILD AGED 3

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	TOTAL NET INCOME	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
127.00	12.06	11.43	103.51	1.71	12.15	18.60	0.00	7.70	0.00	117.37	91.07	80.0
128.00	12.31	11.52	104.17	1.25	12.15	18.60	0.00	7.70	0.00	117.57	91.27	80.0
129.00	12.56	11.61	104.83	0.79	12.15	18.60	0.00	7.70	0.00	117.77	91.47	113.0
130.00	12.81	11.70	105.49	0.00	12.15	18.60	0.00	7.70	0.00	117.64	91.34	34.0

BETWEEN EARNINGS OF £131 AND £303 DEDUCTIONS OF BASIC TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	12.15	18.60	0.00	7.70	0.00	232.48	206.18	34.0
305.00	56.56	27.45	220.99	0.00	12.15	18.60	0.00	7.70	0.00	233.14	206.84	25.0
306.00	56.81	27.45	221.74	0.00	12.15	18.60	0.00	7.70	0.00	233.89	207.59	25.0
307.00	57.06	27.45	222.49	0.00	12.15	18.60	0.00	7.70	0.00	234.64	208.34	25.0
308.00	57.31	27.45	223.24	0.00	12.15	18.60	0.00	7.70	0.00	235.39	209.09	25.0
309.00	57.56	27.45	223.99	0.00	12.15	18.60	0.00	7.70	0.00	236.14	209.84	25.0
310.00	57.81	27.45	224.74	0.00	12.15	18.60	0.00	7.70	0.00	236.89	210.59	25.0

SYSTEM IN APRIL 1988

SINGLE PERSON WITH 2 CHILDREN AGED 4 & 6

DHSS SR3A

EARNINGS AND BENEFITS
FAMILY HEAD IN FULL-TIME WORK
AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £95.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £67.49

GRUSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	40.32	19.40	19.90	0.00	B.20	0.00	116.72	88.62	72.0
61.00	0.00	3.05	57.95	39.65	19.40	19.90	0.00	B.20	0.00	117.00	88.90	71.0
62.00	0.00	3.10	58.90	38.99	19.40	19.90	0.00	B.20	0.00	117.29	89.19	72.0
63.00	0.00	3.15	59.85	38.32	19.40	19.90	0.00	B.20	0.00	117.57	89.47	71.0
64.00	0.00	3.20	60.80	37.66	19.40	19.90	0.00	B.20	0.00	117.86	89.76	72.0
65.00	0.00	3.25	61.75	36.99	19.40	19.90	0.00	B.20	0.00	118.14	90.04	71.0
66.00	0.00	3.30	62.70	36.33	19.40	19.90	0.00	B.20	0.00	118.43	90.33	72.0
67.00	0.00	3.35	63.65	35.66	19.40	19.90	0.00	B.20	0.00	118.71	90.61	71.0
68.00	0.00	3.40	64.60	35.00	19.40	19.90	0.00	B.20	0.00	119.00	90.90	72.0
69.00	0.00	3.45	65.55	34.33	19.40	19.90	0.00	B.20	0.00	119.28	91.18	113.0
70.00	0.00	4.90	65.10	34.65	19.40	19.90	0.00	B.20	0.00	119.15	91.05	73.0
71.00	0.00	4.97	66.03	33.99	19.40	19.90	0.00	B.20	0.00	119.42	91.32	72.0
72.00	0.00	5.04	66.96	33.34	19.40	19.90	0.00	B.20	0.00	119.70	91.60	72.0
73.00	0.00	5.11	67.89	32.69	19.40	19.90	0.00	B.20	0.00	119.98	91.88	72.0
74.00	0.00	5.18	68.82	32.04	19.40	19.90	0.00	B.20	0.00	120.26	92.16	72.0
75.00	0.00	5.25	69.75	31.39	19.40	19.90	0.00	B.20	0.00	120.54	92.44	72.0
76.00	0.00	5.32	70.68	30.74	19.40	19.90	0.00	B.20	0.00	120.82	92.72	72.0
77.00	0.00	5.39	71.61	30.09	19.40	19.90	0.00	B.20	0.00	121.10	93.00	72.0
78.00	0.00	5.46	72.54	29.44	19.40	19.90	0.00	B.20	0.00	121.38	93.28	74.0
79.00	0.06	5.53	73.41	28.83	19.40	19.90	0.00	B.20	0.00	121.64	93.54	80.0
80.00	0.31	5.60	74.09	28.35	19.40	19.90	0.00	B.20	0.00	121.84	93.74	79.0
81.00	0.56	5.67	74.77	27.88	19.40	19.90	0.00	B.20	0.00	122.05	93.95	80.0
82.00	0.81	5.74	75.45	27.40	19.40	19.90	0.00	B.20	0.00	122.25	94.15	79.0
83.00	1.06	5.81	76.13	26.93	19.40	19.90	0.00	B.20	0.00	122.46	94.36	80.0
84.00	1.31	5.88	76.81	26.45	19.40	19.90	0.00	B.20	0.00	122.66	94.56	80.0
85.00	1.56	5.95	77.49	25.97	19.40	19.90	0.00	B.20	0.00	122.86	94.76	79.0
86.00	1.81	6.02	78.17	25.50	19.40	19.90	0.00	B.20	0.00	123.07	94.97	80.0

SINGLE PERSON WITH 2 CHILDREN AGED 4 & 6

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
87.00	2.06	6.09	78.85	25.02	19.40	19.90	0.00	8.20	0.00	123.27	95.17	79.0
88.00	2.31	6.16	79.53	24.55	19.40	19.90	0.00	8.20	0.00	123.48	95.38	80.0
89.00	2.56	6.23	80.21	24.07	19.40	19.90	0.00	8.20	0.00	123.68	95.58	80.0
90.00	2.81	6.30	80.89	23.59	19.40	19.90	0.00	8.20	0.00	123.88	95.78	79.0
91.00	3.06	6.37	81.57	23.12	19.40	19.90	0.00	8.20	0.00	124.09	95.99	80.0
92.00	3.31	6.44	82.25	22.64	19.40	19.90	0.00	8.20	0.00	124.29	96.19	79.0
93.00	3.56	6.51	82.93	22.17	19.40	19.90	0.00	8.20	0.00	124.50	96.40	80.0
94.00	3.81	6.58	83.61	21.69	19.40	19.90	0.00	8.20	0.00	124.70	96.60	80.0
95.00	4.06	6.65	84.29	21.21	19.40	19.90	0.00	8.20	0.00	124.90	96.80	79.0
96.00	4.31	6.72	84.97	20.74	19.40	19.90	0.00	8.20	0.00	125.11	97.01	80.0
97.00	4.56	6.79	85.65	20.26	19.40	19.90	0.00	8.20	0.00	125.31	97.21	79.0
98.00	4.81	6.86	86.33	19.79	19.40	19.90	0.00	8.20	0.00	125.52	97.42	80.0
99.00	5.06	6.93	87.01	19.31	19.40	19.90	0.00	8.20	0.00	125.72	97.62	80.0
100.00	5.31	7.00	87.69	18.83	19.40	19.90	0.00	8.20	0.00	125.92	97.82	79.0
101.00	5.56	7.07	88.37	18.36	19.40	19.90	0.00	8.20	0.00	126.13	98.03	80.0
102.00	5.81	7.14	89.05	17.88	19.40	19.90	0.00	8.20	0.00	126.33	98.23	79.0
103.00	6.06	7.21	89.73	17.41	19.40	19.90	0.00	8.20	0.00	126.54	98.44	80.0
104.00	6.31	7.28	90.41	16.93	19.40	19.90	0.00	8.20	0.00	126.74	98.64	143.0
105.00	6.56	7.35	91.09	16.46	19.40	19.90	0.00	8.20	0.00	126.95	98.85	80.0
106.00	6.81	7.42	91.77	15.98	19.40	19.90	0.00	8.20	0.00	127.15	99.05	80.0
107.00	7.06	7.49	92.45	15.51	19.40	19.90	0.00	8.20	0.00	127.36	99.26	80.0
108.00	7.31	7.56	93.13	15.03	19.40	19.90	0.00	8.20	0.00	127.56	99.46	80.0
109.00	7.56	7.63	93.81	14.56	19.40	19.90	0.00	8.20	0.00	127.77	99.67	80.0
110.00	7.81	7.70	94.49	14.08	19.40	19.90	0.00	8.20	0.00	127.97	99.87	80.0
111.00	8.06	7.77	95.17	13.61	19.40	19.90	0.00	8.20	0.00	128.18	100.08	80.0
112.00	8.31	7.84	95.85	13.13	19.40	19.90	0.00	8.20	0.00	128.38	100.28	80.0
113.00	8.56	7.91	96.53	12.66	19.40	19.90	0.00	8.20	0.00	128.59	100.49	80.0
114.00	8.81	7.98	97.21	12.18	19.40	19.90	0.00	8.20	0.00	128.79	100.69	80.0
115.00	9.06	8.05	97.89	11.71	19.40	19.90	0.00	8.20	0.00	129.00	100.90	80.0
116.00	9.31	8.12	98.57	11.23	19.40	19.90	0.00	8.20	0.00	129.20	101.10	80.0
117.00	9.56	8.19	99.25	10.76	19.40	19.90	0.00	8.20	0.00	129.41	101.31	80.0
118.00	9.81	8.26	99.93	10.28	19.40	19.90	0.00	8.20	0.00	129.61	101.51	80.0
119.00	10.06	8.33	100.61	9.81	19.40	19.90	0.00	8.20	0.00	129.82	101.72	80.0
120.00	10.31	8.40	101.29	9.33	19.40	19.90	0.00	8.20	0.00	130.02	101.92	80.0
121.00	10.56	8.47	101.97	8.86	19.40	19.90	0.00	8.20	0.00	130.23	102.13	80.0
122.00	10.81	8.54	102.65	8.38	19.40	19.90	0.00	8.20	0.00	130.43	102.33	80.0
123.00	11.06	8.61	103.33	7.91	19.40	19.90	0.00	8.20	0.00	130.64	102.54	80.0
124.00	11.31	8.68	104.01	7.43	19.40	19.90	0.00	8.20	0.00	130.84	102.74	80.0
125.00	11.56	8.75	104.69	6.96	19.40	19.90	0.00	8.20	0.00	131.05	102.95	80.0
126.00	11.81	8.82	105.37	6.48	19.40	19.90	0.00	8.20	0.00	131.25	103.15	80.0
127.00	12.06	8.89	106.05	6.01	19.40	19.90	0.00	8.20	0.00	131.46	103.36	80.0

SINGLE PERSON WITH 2 CHILDREN AGED 4 & 6

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
128.00	12.31	11.52	104.17	7.30	19.40	19.90	0.00	8.20	0.00	130.87	102.77	80.0
129.00	12.56	11.61	104.83	6.84	19.40	19.90	0.00	8.20	0.00	131.07	102.97	81.0
130.00	12.81	11.70	105.49	6.37	19.40	19.90	0.00	8.20	0.00	131.26	103.16	80.0
131.00	13.06	11.79	106.15	5.91	19.40	19.90	0.00	8.20	0.00	131.46	103.36	80.0
132.00	13.31	11.88	106.81	5.45	19.40	19.90	0.00	8.20	0.00	131.66	103.56	80.0
133.00	13.56	11.97	107.47	4.99	19.40	19.90	0.00	8.20	0.00	131.86	103.76	80.0
134.00	13.81	12.06	108.13	4.53	19.40	19.90	0.00	8.20	0.00	132.06	103.96	81.0
135.00	14.06	12.15	108.79	4.06	19.40	19.90	0.00	8.20	0.00	132.25	104.15	80.0
136.00	14.31	12.24	109.45	3.60	19.40	19.90	0.00	8.20	0.00	132.45	104.35	80.0
137.00	14.56	12.33	110.11	3.14	19.40	19.90	0.00	8.20	0.00	132.65	104.55	80.0
138.00	14.81	12.42	110.77	2.68	19.40	19.90	0.00	8.20	0.00	132.85	104.75	80.0
139.00	15.06	12.51	111.43	2.22	19.40	19.90	0.00	8.20	0.00	133.05	104.95	81.0
140.00	15.31	12.60	112.09	1.75	19.40	19.90	0.00	8.20	0.00	133.24	105.14	80.0
141.00	15.56	12.69	112.75	1.29	19.40	19.90	0.00	8.20	0.00	133.44	105.34	80.0
142.00	15.81	12.78	113.41	0.83	19.40	19.90	0.00	8.20	0.00	133.64	105.54	117.0
143.00	16.06	12.87	114.07	0.00	19.40	19.90	0.00	8.20	0.00	133.84	105.74	34.0

BETWEEN EARNINGS OF £144 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	19.40	19.90	0.00	8.20	0.00	239.73	211.63	34.0
305.00	56.56	27.45	220.99	0.00	19.40	19.90	0.00	8.20	0.00	240.39	212.29	25.0
306.00	56.81	27.45	221.74	0.00	19.40	19.90	0.00	8.20	0.00	241.14	213.04	25.0
307.00	57.06	27.45	222.49	0.00	19.40	19.90	0.00	8.20	0.00	241.89	213.79	25.0
308.00	57.31	27.45	223.24	0.00	19.40	19.90	0.00	8.20	0.00	242.64	214.54	25.0
309.00	57.56	27.45	223.99	0.00	19.40	19.90	0.00	8.20	0.00	243.39	215.29	25.0
310.00	57.81	27.45	224.74	0.00	19.40	19.90	0.00	8.20	0.00	244.14	216.04	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE

DHSS SR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £73.57

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £50.07

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	0.00	0.00	16.60	16.60	6.90	5.52	79.12	55.62	5.0
61.00	0.00	3.05	57.95	0.00	0.00	16.60	16.60	6.90	5.52	80.07	56.57	5.0
62.00	0.00	3.10	58.90	0.00	0.00	16.60	16.60	6.90	5.52	81.02	57.52	5.0
63.00	0.00	3.15	59.85	0.00	0.00	16.60	16.60	6.90	5.52	81.97	58.47	5.0
64.00	0.00	3.20	60.80	0.00	0.00	16.60	16.60	6.90	5.52	82.92	59.42	30.0
65.00	0.00	3.25	61.75	0.00	0.00	16.60	16.41	6.90	5.46	83.62	60.12	86.0
66.00	0.00	3.30	62.70	0.00	0.00	16.60	15.79	6.90	5.27	83.76	60.26	86.0
67.00	0.00	3.35	63.65	0.00	0.00	16.60	15.17	6.90	5.08	83.90	60.40	86.0
68.00	0.00	3.40	64.60	0.00	0.00	16.60	14.55	6.90	4.89	84.04	60.54	85.0
69.00	0.00	3.45	65.55	0.00	0.00	16.60	13.94	6.90	4.70	84.19	60.69	107.0
70.00	0.00	4.90	65.10	0.00	0.00	16.60	14.23	6.90	4.79	84.12	60.62	87.0
71.00	0.00	4.97	66.03	0.00	0.00	16.60	13.62	6.90	4.60	84.25	60.75	85.0
72.00	0.00	5.04	66.96	0.00	0.00	16.60	13.02	6.90	4.42	84.40	60.90	87.0
73.00	0.00	5.11	67.89	0.00	0.00	16.60	12.41	6.90	4.23	84.53	61.03	85.0
74.00	0.00	5.18	68.82	0.00	0.00	16.60	11.81	6.90	4.05	84.68	61.18	86.0
75.00	0.00	5.25	69.75	0.00	0.00	16.60	11.21	6.90	3.86	84.82	61.32	87.0
76.00	0.00	5.32	70.68	0.00	0.00	16.60	10.60	6.90	3.67	84.95	61.45	85.0
77.00	0.00	5.39	71.61	0.00	0.00	16.60	10.00	6.90	3.49	85.10	61.60	87.0
78.00	0.00	5.46	72.54	0.00	0.00	16.60	9.39	6.90	3.30	85.23	61.73	86.0
79.00	0.06	5.53	73.41	0.00	0.00	16.60	8.83	6.90	3.13	85.37	61.87	90.0
80.00	0.31	5.60	74.09	0.00	0.00	16.60	8.39	6.90	2.99	85.47	61.97	90.0
81.00	0.56	5.67	74.77	0.00	0.00	16.60	7.94	6.90	2.86	85.57	62.07	90.0
82.00	0.81	5.74	75.45	0.00	0.00	16.60	7.50	6.90	2.72	85.67	62.17	90.0
83.00	1.06	5.81	76.13	0.00	0.00	16.60	7.06	6.90	2.58	85.77	62.27	89.0
84.00	1.31	5.88	76.81	0.00	0.00	16.60	6.62	6.90	2.45	85.88	62.38	90.0
85.00	1.56	5.95	77.49	0.00	0.00	16.60	6.18	6.90	2.31	85.98	62.48	90.0
86.00	1.81	6.02	78.17	0.00	0.00	16.60	5.73	6.90	2.18	86.08	62.58	90.0

MARRIED COUPLE

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
87.00	2.06	6.09	78.85	0.00	0.00	16.60	5.29	6.90	2.04	86.10	62.68	90.0
88.00	2.31	6.16	79.53	0.00	0.00	16.60	4.85	6.90	1.90	86.20	62.78	89.0
89.00	2.56	6.23	80.21	0.00	0.00	16.60	4.41	6.90	1.77	86.39	62.89	90.0
90.00	2.81	6.30	80.89	0.00	0.00	16.60	3.97	6.90	1.63	86.49	62.99	90.0
91.00	3.06	6.37	81.57	0.00	0.00	16.60	3.52	6.90	1.50	86.59	63.09	90.0
92.00	3.31	6.44	82.25	0.00	0.00	16.60	3.08	6.90	1.36	86.69	63.19	90.0
93.00	3.56	6.51	82.93	0.00	0.00	16.60	2.64	6.90	1.22	86.79	63.29	89.0
94.00	3.81	6.58	83.61	0.00	0.00	16.60	2.20	6.90	1.09	86.90	63.40	90.0
95.00	4.06	6.65	84.29	0.00	0.00	16.60	1.76	6.90	0.95	87.00	63.50	90.0
96.00	4.31	6.72	84.97	0.00	0.00	16.60	1.31	6.90	0.82	87.10	63.60	90.0
97.00	4.56	6.79	85.65	0.00	0.00	16.60	0.87	6.90	0.68	87.20	63.70	133.0
98.00	4.81	6.86	86.33	0.00	0.00	16.60	0.00	6.90	0.54	86.87	63.37	86.0
99.00	5.06	6.93	87.01	0.00	0.00	16.60	0.00	6.90	0.00	87.01	63.51	32.0
100.00	5.31	7.00	87.69	0.00	0.00	16.60	0.00	6.90	0.00	87.69	64.19	32.0
101.00	5.56	7.07	88.37	0.00	0.00	16.60	0.00	6.90	0.00	88.37	64.87	32.0
102.00	5.81	7.14	89.05	0.00	0.00	16.60	0.00	6.90	0.00	89.05	65.55	32.0
103.00	6.06	7.21	89.73	0.00	0.00	16.60	0.00	6.90	0.00	89.73	66.23	32.0
104.00	6.31	7.28	90.41	0.00	0.00	16.60	0.00	6.90	0.00	90.41	66.91	242.0
105.00	6.56	9.45	88.99	0.00	0.00	16.60	0.00	6.90	0.00	88.99	65.49	34.0
106.00	6.81	9.54	89.65	0.00	0.00	16.60	0.00	6.90	0.00	89.65	66.15	34.0

BETWEEN EARNINGS OF £107 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

304.00	56.31	27.36	220.33	0.00	0.00	16.60	0.00	6.90	0.00	220.33	196.83	34.0
305.00	56.56	27.45	220.99	0.00	0.00	16.60	0.00	6.90	0.00	220.99	197.49	25.0
306.00	56.81	27.45	221.74	0.00	0.00	16.60	0.00	6.90	0.00	221.74	198.24	25.0
307.00	57.06	27.45	222.49	0.00	0.00	16.60	0.00	6.90	0.00	222.49	198.99	25.0
308.00	57.31	27.45	223.24	0.00	0.00	16.60	0.00	6.90	0.00	223.24	199.74	25.0
309.00	57.56	27.45	223.99	0.00	0.00	16.60	0.00	6.90	0.00	223.99	200.49	25.0
310.00	57.81	27.45	224.74	0.00	0.00	16.60	0.00	6.90	0.00	224.74	201.24	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 1 CHILD AGED 3

DHSS SR3A

EARNINGS AND BENEFITS
FAMILY HEAD IN FULL-TIME WORK
AS AT APRIL 88

TAX THRESHOLD = £70.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £94.94

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £68.64

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	34.27	7.25	18.60	5.49	7.70	2.13	106.14	79.84	96.0
61.00	0.00	3.05	57.95	33.60	7.25	18.60	5.31	7.70	2.07	106.18	79.88	96.0
62.00	0.00	3.10	58.90	32.94	7.25	18.60	5.12	7.70	2.01	106.22	79.92	95.0
63.00	0.00	3.15	59.85	32.27	7.25	18.60	4.94	7.70	1.96	106.27	79.97	96.0
64.00	0.00	3.20	60.80	31.61	7.25	18.60	4.75	7.70	1.90	106.31	80.01	96.0
65.00	0.00	3.25	61.75	30.94	7.25	18.60	4.57	7.70	1.84	106.35	80.05	95.0
66.00	0.00	3.30	62.70	30.28	7.25	18.60	4.38	7.70	1.79	106.40	80.10	96.0
67.00	0.00	3.35	63.65	29.61	7.25	18.60	4.20	7.70	1.73	106.44	80.14	96.0
68.00	0.00	3.40	64.60	28.95	7.25	18.60	4.01	7.70	1.67	106.48	80.18	96.0
69.00	0.00	3.45	65.55	28.28	7.25	18.60	3.83	7.70	1.61	106.52	80.22	102.0
70.00	0.00	4.90	65.10	28.60	7.25	18.60	3.91	7.70	1.64	106.50	80.20	96.0
71.00	0.00	4.97	66.03	27.94	7.25	18.60	3.73	7.70	1.59	106.54	80.24	96.0
72.00	0.00	5.04	66.96	27.29	7.25	18.60	3.55	7.70	1.53	106.58	80.28	96.0
73.00	0.00	5.11	67.89	26.64	7.25	18.60	3.37	7.70	1.47	106.62	80.32	95.0
74.00	0.00	5.18	68.82	25.99	7.25	18.60	3.19	7.70	1.42	106.67	80.37	96.0
75.00	0.00	5.25	69.75	25.34	7.25	18.60	3.01	7.70	1.36	106.71	80.41	95.0
76.00	0.00	5.32	70.68	24.69	7.25	18.60	2.83	7.70	1.31	106.76	80.46	97.0
77.00	0.00	5.39	71.61	24.04	7.25	18.60	2.64	7.70	1.25	106.79	80.49	96.0
78.00	0.00	5.46	72.54	23.39	7.25	18.60	2.46	7.70	1.19	106.83	80.53	96.0
79.00	0.06	5.53	73.41	22.78	7.25	18.60	2.29	7.70	1.14	106.87	80.57	97.0
80.00	0.31	5.60	74.09	22.30	7.25	18.60	2.16	7.70	1.10	106.90	80.60	96.0
81.00	0.56	5.67	74.77	21.83	7.25	18.60	2.03	7.70	1.06	106.94	80.64	97.0
82.00	0.81	5.74	75.45	21.35	7.25	18.60	1.90	7.70	1.02	106.97	80.67	97.0
83.00	1.06	5.81	76.13	20.88	7.25	18.60	1.76	7.70	0.98	107.00	80.70	97.0
84.00	1.31	5.88	76.81	20.40	7.25	18.60	1.63	7.70	0.94	107.03	80.73	97.0
85.00	1.56	5.95	77.49	19.92	7.25	18.60	1.50	7.70	0.90	107.06	80.76	96.0
86.00	1.81	6.02	78.17	19.45	7.25	18.60	1.37	7.70	0.86	107.10	80.80	98.0

MARRIED COUPLE WITH 1 CHILD AGED 3

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
87.00	2.06	6.07	78.85	18.97	7.25	18.60	1.23	7.70	0.82	107.12	80.82	96.0
88.00	2.31	6.16	79.53	18.50	7.25	18.60	1.10	7.70	0.78	107.16	80.86	98.0
89.00	2.56	6.23	80.21	18.02	7.25	18.60	0.97	7.70	0.73	107.18	80.88	97.0
90.00	2.81	6.30	80.89	17.54	7.25	18.60	0.84	7.70	0.69	107.21	80.91	97.0
91.00	3.06	6.37	81.57	17.07	7.25	18.60	0.70	7.70	0.65	107.24	80.94	97.0
92.00	3.31	6.44	82.25	16.59	7.25	18.60	0.57	7.70	0.61	107.27	80.97	140.0
93.00	3.56	6.51	82.93	16.12	7.25	18.60	0.00	7.70	0.57	106.87	80.57	84.0
94.00	3.81	6.58	83.61	15.64	7.25	18.60	0.00	7.70	0.53	107.03	80.73	133.0
95.00	4.06	6.65	84.29	15.16	7.25	18.60	0.00	7.70	0.00	106.70	80.40	79.0
96.00	4.31	6.72	84.97	14.69	7.25	18.60	0.00	7.70	0.00	106.91	80.61	80.0
97.00	4.56	6.79	85.65	14.21	7.25	18.60	0.00	7.70	0.00	107.11	80.81	79.0
98.00	4.81	6.86	86.33	13.74	7.25	18.60	0.00	7.70	0.00	107.32	81.02	80.0
99.00	5.06	6.93	87.01	13.26	7.25	18.60	0.00	7.70	0.00	107.52	81.22	80.0
100.00	5.31	7.00	87.69	12.78	7.25	18.60	0.00	7.70	0.00	107.72	81.42	79.0
101.00	5.56	7.07	88.37	12.31	7.25	18.60	0.00	7.70	0.00	107.93	81.63	80.0
102.00	5.81	7.14	89.05	11.83	7.25	18.60	0.00	7.70	0.00	108.13	81.83	79.0
103.00	6.06	7.21	89.73	11.36	7.25	18.60	0.00	7.70	0.00	108.34	82.04	80.0
104.00	6.31	7.28	90.41	10.88	7.25	18.60	0.00	7.70	0.00	108.54	82.24	143.0
105.00	6.56	7.35	91.09	10.41	7.25	18.60	0.00	7.70	0.00	108.75	82.45	80.0
106.00	6.81	7.42	91.77	9.93	7.25	18.60	0.00	7.70	0.00	108.95	82.65	80.0
107.00	7.06	7.49	92.45	9.46	7.25	18.60	0.00	7.70	0.00	109.16	82.86	80.0
108.00	7.31	7.56	93.13	8.98	7.25	18.60	0.00	7.70	0.00	109.36	83.06	80.0
109.00	7.56	7.63	93.81	8.51	7.25	18.60	0.00	7.70	0.00	109.57	83.27	80.0
110.00	7.81	7.70	94.49	8.03	7.25	18.60	0.00	7.70	0.00	109.77	83.47	80.0
111.00	8.06	7.77	95.17	7.56	7.25	18.60	0.00	7.70	0.00	109.98	83.68	80.0
112.00	8.31	7.84	95.85	7.08	7.25	18.60	0.00	7.70	0.00	110.18	83.88	80.0
113.00	8.56	7.91	96.53	6.61	7.25	18.60	0.00	7.70	0.00	110.39	84.09	80.0
114.00	8.81	7.98	97.21	6.13	7.25	18.60	0.00	7.70	0.00	110.59	84.29	80.0
115.00	9.06	8.05	97.89	5.66	7.25	18.60	0.00	7.70	0.00	110.80	84.50	80.0
116.00	9.31	8.12	98.57	5.18	7.25	18.60	0.00	7.70	0.00	111.00	84.70	80.0
117.00	9.56	8.19	99.25	4.71	7.25	18.60	0.00	7.70	0.00	111.21	84.91	80.0
118.00	9.81	8.26	99.93	4.23	7.25	18.60	0.00	7.70	0.00	111.41	85.11	80.0
119.00	10.06	8.33	100.61	3.76	7.25	18.60	0.00	7.70	0.00	111.62	85.32	80.0
120.00	10.31	8.40	101.29	3.28	7.25	18.60	0.00	7.70	0.00	111.82	85.52	80.0
121.00	10.56	8.47	101.97	2.81	7.25	18.60	0.00	7.70	0.00	112.03	85.73	80.0
122.00	10.81	8.54	102.65	2.33	7.25	18.60	0.00	7.70	0.00	112.23	85.93	80.0
123.00	11.06	8.61	103.33	1.86	7.25	18.60	0.00	7.70	0.00	112.44	86.14	80.0
124.00	11.31	8.68	104.01	1.38	7.25	18.60	0.00	7.70	0.00	112.64	86.34	80.0
125.00	11.56	8.75	104.69	0.91	7.25	18.60	0.00	7.70	0.00	112.85	86.55	80.0
126.00	11.81	8.82	105.37	0.43	7.25	18.60	0.00	7.70	0.00	113.05	86.75	80.0
127.00	12.06	8.89	106.05	-0.05	7.25	18.60	0.00	7.70	0.00	113.26	86.96	80.0
128.00	12.31	8.96	106.73	-0.57	7.25	18.60	0.00	7.70	0.00	113.46	87.16	80.0

MARRIED COUPLE WITH 1 CHILD AGED 3

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
129.00	12.56	11.61	104.83	0.79	7.25	18.60	0.00	7.70	0.00	112.87	86.57	113.0
130.00	12.81	11.70	105.49	0.00	7.25	18.60	0.00	7.70	0.00	112.74	86.44	34.0

BETWEEN EARNINGS OF £131 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	7.25	18.60	0.00	7.70	0.00	227.58	201.28	34.0
305.00	56.56	27.45	220.99	0.00	7.25	18.60	0.00	7.70	0.00	228.24	201.94	25.0
306.00	56.81	27.45	221.74	0.00	7.25	18.60	0.00	7.70	0.00	228.99	202.69	25.0
307.00	57.06	27.45	222.49	0.00	7.25	18.60	0.00	7.70	0.00	229.74	203.44	25.0
308.00	57.31	27.45	223.24	0.00	7.25	18.60	0.00	7.70	0.00	230.49	204.19	25.0
309.00	57.56	27.45	223.99	0.00	7.25	18.60	0.00	7.70	0.00	231.24	204.94	25.0
310.00	57.81	27.45	224.74	0.00	7.25	18.60	0.00	7.70	0.00	231.99	205.69	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 1 CHILD AGED 14

DHSS SR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £101.01

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £74.71

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	39.62	7.25	18.60	5.49	7.70	2.13	111.49	85.19	96.0
61.00	0.00	3.05	57.95	38.95	7.25	18.60	5.31	7.70	2.07	111.53	85.23	96.0
62.00	0.00	3.10	58.90	38.29	7.25	18.60	5.12	7.70	2.01	111.57	85.27	95.0
63.00	0.00	3.15	59.85	37.62	7.25	18.60	4.94	7.70	1.96	111.62	85.32	96.0
64.00	0.00	3.20	60.80	36.96	7.25	18.60	4.75	7.70	1.90	111.66	85.36	96.0
65.00	0.00	3.25	61.75	36.29	7.25	18.60	4.57	7.70	1.84	111.70	85.40	95.0
66.00	0.00	3.30	62.70	35.63	7.25	18.60	4.38	7.70	1.79	111.75	85.45	96.0
67.00	0.00	3.35	63.65	34.96	7.25	18.60	4.20	7.70	1.73	111.79	85.49	96.0
68.00	0.00	3.40	64.60	34.30	7.25	18.60	4.01	7.70	1.67	111.83	85.53	96.0
69.00	0.00	3.45	65.55	33.63	7.25	18.60	3.83	7.70	1.61	111.87	85.57	102.0
70.00	0.00	4.90	65.10	33.95	7.25	18.60	3.91	7.70	1.64	111.85	85.55	96.0
71.00	0.00	4.97	66.03	33.29	7.25	18.60	3.73	7.70	1.59	111.89	85.59	96.0
72.00	0.00	5.04	66.96	32.64	7.25	18.60	3.55	7.70	1.53	111.93	85.63	96.0
73.00	0.00	5.11	67.89	31.99	7.25	18.60	3.37	7.70	1.47	111.97	85.67	95.0
74.00	0.00	5.18	68.82	31.34	7.25	18.60	3.19	7.70	1.42	112.02	85.72	96.0
75.00	0.00	5.25	69.75	30.69	7.25	18.60	3.01	7.70	1.36	112.06	85.76	95.0
76.00	0.00	5.32	70.68	30.04	7.25	18.60	2.83	7.70	1.31	112.11	85.81	97.0
77.00	0.00	5.39	71.61	29.39	7.25	18.60	2.64	7.70	1.25	112.14	85.84	96.0
78.00	0.00	5.46	72.54	28.74	7.25	18.60	2.46	7.70	1.19	112.18	85.88	96.0
79.00	0.06	5.53	73.41	28.13	7.25	18.60	2.29	7.70	1.14	112.22	85.92	97.0
80.00	0.31	5.60	74.09	27.65	7.25	18.60	2.16	7.70	1.10	112.25	85.95	96.0
81.00	0.56	5.67	74.77	27.18	7.25	18.60	2.03	7.70	1.06	112.29	85.99	97.0
82.00	0.81	5.74	75.45	26.70	7.25	18.60	1.90	7.70	1.02	112.32	86.02	97.0
83.00	1.06	5.81	76.13	26.23	7.25	18.60	1.76	7.70	0.98	112.35	86.05	97.0
84.00	1.31	5.88	76.81	25.75	7.25	18.60	1.63	7.70	0.94	112.38	86.08	97.0
85.00	1.56	5.95	77.49	25.27	7.25	18.60	1.50	7.70	0.90	112.41	86.11	96.0
86.00	1.81	6.02	78.17	24.80	7.25	18.60	1.37	7.70	0.86	112.45	86.15	98.0

MARRIED COUPLE WITH 1 CHILD AGED 14

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
87.00	2.06	6.09	78.85	24.32	7.25	18.60	1.23	7.70	0.82	112.47	86.17	96.0
88.00	2.31	6.16	79.53	23.85	7.25	18.60	1.10	7.70	0.78	112.51	86.21	98.0
89.00	2.56	6.23	80.21	23.37	7.25	18.60	0.97	7.70	0.73	112.53	86.23	97.0
90.00	2.81	6.30	80.89	22.89	7.25	18.60	0.84	7.70	0.69	112.56	86.26	97.0
91.00	3.06	6.37	81.57	22.42	7.25	18.60	0.70	7.70	0.65	112.59	86.29	97.0
92.00	3.31	6.44	82.25	21.94	7.25	18.60	0.57	7.70	0.61	112.62	86.32	140.0
93.00	3.56	6.51	82.93	21.47	7.25	18.60	0.00	7.70	0.57	112.22	85.92	84.0
94.00	3.81	6.58	83.61	20.99	7.25	18.60	0.00	7.70	0.53	112.38	86.08	133.0
95.00	4.06	6.65	84.29	20.51	7.25	18.60	0.00	7.70	0.00	112.05	85.75	79.0
96.00	4.31	6.72	84.97	20.04	7.25	18.60	0.00	7.70	0.00	112.26	85.96	80.0
97.00	4.56	6.79	85.65	19.56	7.25	18.60	0.00	7.70	0.00	112.46	86.16	79.0
98.00	4.81	6.86	86.33	19.09	7.25	18.60	0.00	7.70	0.00	112.67	86.37	80.0
99.00	5.06	6.93	87.01	18.61	7.25	18.60	0.00	7.70	0.00	112.87	86.57	80.0
100.00	5.31	7.00	87.69	18.13	7.25	18.60	0.00	7.70	0.00	113.07	86.77	79.0
101.00	5.56	7.07	88.37	17.66	7.25	18.60	0.00	7.70	0.00	113.28	86.98	80.0
102.00	5.81	7.14	89.05	17.18	7.25	18.60	0.00	7.70	0.00	113.48	87.18	79.0
103.00	6.06	7.21	89.73	16.71	7.25	18.60	0.00	7.70	0.00	113.69	87.39	80.0
104.00	6.31	7.28	90.41	16.23	7.25	18.60	0.00	7.70	0.00	113.89	87.59	143.0
105.00	6.56	7.35	91.09	15.76	7.25	18.60	0.00	7.70	0.00	114.10	87.80	80.0
106.00	6.81	7.42	91.77	15.28	7.25	18.60	0.00	7.70	0.00	114.31	88.01	80.0
107.00	7.06	7.49	92.45	14.81	7.25	18.60	0.00	7.70	0.00	114.52	88.22	80.0
108.00	7.31	7.56	93.13	14.33	7.25	18.60	0.00	7.70	0.00	114.73	88.43	80.0
109.00	7.56	7.63	93.81	13.86	7.25	18.60	0.00	7.70	0.00	114.94	88.64	81.0
110.00	7.81	7.70	94.49	13.38	7.25	18.60	0.00	7.70	0.00	115.15	88.85	80.0
111.00	8.06	7.77	95.17	12.91	7.25	18.60	0.00	7.70	0.00	115.36	89.06	80.0
112.00	8.31	7.84	95.85	12.43	7.25	18.60	0.00	7.70	0.00	115.57	89.27	80.0
113.00	8.56	7.91	96.53	11.96	7.25	18.60	0.00	7.70	0.00	115.78	89.48	80.0
114.00	8.81	7.98	97.21	11.48	7.25	18.60	0.00	7.70	0.00	115.99	89.69	81.0
115.00	9.06	8.05	97.89	11.01	7.25	18.60	0.00	7.70	0.00	116.20	89.90	80.0
116.00	9.31	8.12	98.57	10.53	7.25	18.60	0.00	7.70	0.00	116.41	90.11	80.0
117.00	9.56	8.19	99.25	10.06	7.25	18.60	0.00	7.70	0.00	116.62	90.32	80.0
118.00	9.81	8.26	99.93	9.58	7.25	18.60	0.00	7.70	0.00	116.83	90.53	80.0
119.00	10.06	8.33	100.61	9.11	7.25	18.60	0.00	7.70	0.00	117.04	90.74	80.0
120.00	10.31	8.40	101.29	8.63	7.25	18.60	0.00	7.70	0.00	117.25	90.95	81.0
121.00	10.56	8.47	101.97	8.16	7.25	18.60	0.00	7.70	0.00	117.46	91.16	80.0
122.00	10.81	8.54	102.65	7.68	7.25	18.60	0.00	7.70	0.00	117.67	91.37	80.0
123.00	11.06	8.61	103.33	7.21	7.25	18.60	0.00	7.70	0.00	117.88	91.58	80.0
124.00	11.31	8.68	104.01	6.73	7.25	18.60	0.00	7.70	0.00	118.09	91.79	80.0
125.00	11.56	8.75	104.69	6.26	7.25	18.60	0.00	7.70	0.00	118.30	92.00	80.0
126.00	11.81	8.82	105.37	5.78	7.25	18.60	0.00	7.70	0.00	118.51	92.21	80.0
127.00	12.06	8.89	106.05	5.31	7.25	18.60	0.00	7.70	0.00	118.72	92.42	80.0
128.00	12.31	8.96	106.73	4.83	7.25	18.60	0.00	7.70	0.00	118.93	92.63	80.0

MARRIED COUPLE WITH 1 CHILD AGED 14

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
129.00	12.56	11.61	104.83	6.14	7.25	18.60	0.00	7.70	0.00	118.22	91.92	81.0
130.00	12.81	11.70	105.49	5.67	7.25	18.60	0.00	7.70	0.00	118.41	92.11	80.0
131.00	13.06	11.79	106.15	5.21	7.25	18.60	0.00	7.70	0.00	118.61	92.31	80.0
132.00	13.31	11.88	106.81	4.75	7.25	18.60	0.00	7.70	0.00	118.81	92.51	80.0
133.00	13.56	11.97	107.47	4.29	7.25	18.60	0.00	7.70	0.00	119.01	92.71	80.0
134.00	13.81	12.06	108.13	3.83	7.25	18.60	0.00	7.70	0.00	119.21	92.91	81.0
135.00	14.06	12.15	108.79	3.36	7.25	18.60	0.00	7.70	0.00	119.40	93.10	80.0
136.00	14.31	12.24	109.45	2.90	7.25	18.60	0.00	7.70	0.00	119.60	93.30	80.0
137.00	14.56	12.33	110.11	2.44	7.25	18.60	0.00	7.70	0.00	119.80	93.50	80.0
138.00	14.81	12.42	110.77	1.98	7.25	18.60	0.00	7.70	0.00	120.00	93.70	80.0
139.00	15.06	12.51	111.43	1.52	7.25	18.60	0.00	7.70	0.00	120.20	93.90	81.0
140.00	15.31	12.60	112.09	1.05	7.25	18.60	0.00	7.70	0.00	120.39	94.09	80.0
141.00	15.56	12.69	112.75	0.59	7.25	18.60	0.00	7.70	0.00	120.59	94.29	80.0
142.00	15.81	12.78	113.41	0.00	7.25	18.60	0.00	7.70	0.00	120.66	94.36	34.0

BETWEEN EARNINGS OF £143 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	7.25	18.60	0.00	7.70	0.00	227.50	201.20	34.0
305.00	56.56	27.45	220.99	0.00	7.25	18.60	0.00	7.70	0.00	228.24	201.94	25.0
306.00	56.81	27.45	221.74	0.00	7.25	18.60	0.00	7.70	0.00	228.99	202.69	25.0
307.00	57.06	27.45	222.49	0.00	7.25	18.60	0.00	7.70	0.00	229.74	203.44	25.0
308.00	57.31	27.45	223.24	0.00	7.25	18.60	0.00	7.70	0.00	230.49	204.19	25.0
309.00	57.56	27.45	223.99	0.00	7.25	18.60	0.00	7.70	0.00	231.24	204.94	25.0
310.00	57.81	27.45	224.74	0.00	7.25	18.60	0.00	7.70	0.00	231.99	205.69	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 2 CHILDREN AGED 4 & 6

DHSS BR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £109.94

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £81.84

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	40.32	14.50	19.90	5.14	8.20	2.02	118.98	90.88	97.0
61.00	0.00	3.05	57.95	39.65	14.50	19.90	4.95	8.20	1.96	119.01	90.91	96.0
62.00	0.00	3.10	58.90	38.99	14.50	19.90	4.76	8.20	1.90	119.05	90.95	95.0
63.00	0.00	3.15	59.85	38.32	14.50	19.90	4.58	8.20	1.85	119.10	91.00	96.0
64.00	0.00	3.20	60.80	37.66	14.50	19.90	4.39	8.20	1.79	119.14	91.04	96.0
65.00	0.00	3.25	61.75	36.99	14.50	19.90	4.21	8.20	1.73	119.18	91.08	95.0
66.00	0.00	3.30	62.70	36.33	14.50	19.90	4.02	8.20	1.68	119.23	91.13	96.0
67.00	0.00	3.35	63.65	35.66	14.50	19.90	3.84	8.20	1.62	119.27	91.17	96.0
68.00	0.00	3.40	64.60	35.00	14.50	19.90	3.65	8.20	1.56	119.31	91.21	96.0
69.00	0.00	3.45	65.55	34.33	14.50	19.90	3.47	8.20	1.50	119.35	91.25	101.0
70.00	0.00	4.90	65.10	34.65	14.50	19.90	3.56	8.20	1.53	119.34	91.24	97.0
71.00	0.00	4.97	66.03	33.99	14.50	19.90	3.37	8.20	1.48	119.37	91.27	96.0
72.00	0.00	5.04	66.96	33.34	14.50	19.90	3.19	8.20	1.42	119.41	91.31	96.0
73.00	0.00	5.11	67.89	32.69	14.50	19.90	3.01	8.20	1.36	119.45	91.35	95.0
74.00	0.00	5.18	68.82	32.04	14.50	19.90	2.83	8.20	1.31	119.50	91.40	96.0
75.00	0.00	5.25	69.75	31.39	14.50	19.90	2.65	8.20	1.25	119.54	91.44	95.0
76.00	0.00	5.32	70.68	30.74	14.50	19.90	2.47	8.20	1.20	119.59	91.49	96.0
77.00	0.00	5.39	71.61	30.09	14.50	19.90	2.29	8.20	1.14	119.63	91.53	97.0
78.00	0.00	5.46	72.54	29.44	14.50	19.90	2.10	8.20	1.08	119.66	91.56	95.0
79.00	0.06	5.53	73.41	28.85	14.50	19.90	1.94	8.20	1.03	119.71	91.61	98.0
80.00	0.31	5.60	74.09	28.35	14.50	19.90	1.80	8.20	0.99	119.73	91.63	96.0
81.00	0.56	5.67	74.77	27.88	14.50	19.90	1.67	8.20	0.95	119.77	91.67	97.0
82.00	0.81	5.74	75.45	27.40	14.50	19.90	1.54	8.20	0.91	119.80	91.70	96.0
83.00	1.06	5.81	76.13	26.93	14.50	19.90	1.41	8.20	0.87	119.84	91.74	98.0
84.00	1.31	5.88	76.81	26.45	14.50	19.90	1.27	8.20	0.83	119.86	91.76	97.0
85.00	1.56	5.95	77.49	25.97	14.50	19.90	1.14	8.20	0.79	119.89	91.79	96.0
86.00	1.81	6.02	78.17	25.50	14.50	19.90	1.01	8.20	0.75	119.93	91.83	97.0
87.00	2.06	6.09	78.85	25.02	14.50	19.90	0.88	8.20	0.71	119.96	91.86	97.0

MARRIED COUPLE WITH 2 CHILDREN AGED 4 & 6

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
88.00	2.31	6.16	79.53	24.55	14.50	19.90	0.74	8.20	0.67	119.99	91.89	98.0
89.00	2.56	6.23	80.21	24.07	14.50	19.90	0.61	8.20	0.62	120.01	91.91	145.0
90.00	2.81	6.30	80.89	23.59	14.50	19.90	0.00	8.20	0.58	119.56	91.46	83.0
91.00	3.06	6.37	81.57	23.12	14.50	19.90	0.00	8.20	0.54	119.73	91.63	84.0
92.00	3.31	6.44	82.25	22.64	14.50	19.90	0.00	8.20	0.50	119.89	91.79	129.0
93.00	3.56	6.51	82.93	22.17	14.50	19.90	0.00	8.20	0.00	119.60	91.50	80.0
94.00	3.81	6.58	83.61	21.69	14.50	19.90	0.00	8.20	0.00	119.80	91.70	80.0
95.00	4.06	6.65	84.29	21.21	14.50	19.90	0.00	8.20	0.00	120.00	91.90	79.0
96.00	4.31	6.72	84.97	20.74	14.50	19.90	0.00	8.20	0.00	120.21	92.11	80.0
97.00	4.56	6.79	85.65	20.26	14.50	19.90	0.00	8.20	0.00	120.41	92.31	79.0
98.00	4.81	6.86	86.33	19.79	14.50	19.90	0.00	8.20	0.00	120.62	92.52	80.0
99.00	5.06	6.93	87.01	19.31	14.50	19.90	0.00	8.20	0.00	120.82	92.72	80.0
100.00	5.31	7.00	87.69	18.83	14.50	19.90	0.00	8.20	0.00	121.02	92.92	79.0
101.00	5.56	7.07	88.37	18.36	14.50	19.90	0.00	8.20	0.00	121.23	93.13	80.0
102.00	5.81	7.14	89.05	17.88	14.50	19.90	0.00	8.20	0.00	121.43	93.33	79.0
103.00	6.06	7.21	89.73	17.41	14.50	19.90	0.00	8.20	0.00	121.64	93.54	80.0
104.00	6.31	7.28	90.41	16.93	14.50	19.90	0.00	8.20	0.00	121.84	93.74	143.0
105.00	6.56	7.35	91.09	16.46	14.50	19.90	0.00	8.20	0.00	122.05	93.95	80.0
106.00	6.81	7.42	91.77	15.98	14.50	19.90	0.00	8.20	0.00	122.25	94.15	80.0
107.00	7.06	7.49	92.45	15.51	14.50	19.90	0.00	8.20	0.00	122.46	94.36	80.0
108.00	7.31	7.56	93.13	15.03	14.50	19.90	0.00	8.20	0.00	122.66	94.56	80.0
109.00	7.56	7.63	93.81	14.56	14.50	19.90	0.00	8.20	0.00	122.87	94.77	80.0
110.00	7.81	7.70	94.49	14.08	14.50	19.90	0.00	8.20	0.00	123.07	94.97	80.0
111.00	8.06	7.77	95.17	13.61	14.50	19.90	0.00	8.20	0.00	123.28	95.18	80.0
112.00	8.31	7.84	95.85	13.13	14.50	19.90	0.00	8.20	0.00	123.48	95.38	80.0
113.00	8.56	7.91	96.53	12.66	14.50	19.90	0.00	8.20	0.00	123.69	95.59	80.0
114.00	8.81	7.98	97.21	12.18	14.50	19.90	0.00	8.20	0.00	123.89	95.79	80.0
115.00	9.06	8.05	97.89	11.71	14.50	19.90	0.00	8.20	0.00	124.10	96.00	80.0
116.00	9.31	8.12	98.57	11.23	14.50	19.90	0.00	8.20	0.00	124.30	96.20	80.0
117.00	9.56	8.19	99.25	10.76	14.50	19.90	0.00	8.20	0.00	124.51	96.41	80.0
118.00	9.81	8.26	99.93	10.28	14.50	19.90	0.00	8.20	0.00	124.71	96.61	80.0
119.00	10.06	8.33	100.61	9.81	14.50	19.90	0.00	8.20	0.00	124.92	96.82	80.0
120.00	10.31	8.40	101.29	9.33	14.50	19.90	0.00	8.20	0.00	125.12	97.02	80.0
121.00	10.56	8.47	101.97	8.86	14.50	19.90	0.00	8.20	0.00	125.33	97.23	80.0
122.00	10.81	8.54	102.65	8.38	14.50	19.90	0.00	8.20	0.00	125.53	97.43	80.0
123.00	11.06	8.61	103.33	7.91	14.50	19.90	0.00	8.20	0.00	125.74	97.64	80.0
124.00	11.31	8.68	104.01	7.43	14.50	19.90	0.00	8.20	0.00	125.94	97.84	80.0
125.00	11.56	8.75	104.69	6.96	14.50	19.90	0.00	8.20	0.00	126.15	98.05	80.0
126.00	11.81	8.82	105.37	6.48	14.50	19.90	0.00	8.20	0.00	126.35	98.25	80.0
127.00	12.06	8.89	106.05	6.01	14.50	19.90	0.00	8.20	0.00	126.56	98.46	80.0
128.00	12.31	8.96	106.73	5.53	14.50	19.90	0.00	8.20	0.00	126.76	98.66	80.0
129.00	12.56	9.03	107.41	5.06	14.50	19.90	0.00	8.20	0.00	126.97	98.87	80.0

MARRIED COUPLE WITH 2 CHILDREN AGED 4 & 6

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
130.00	12.81	11.70	105.49	6.37	14.50	19.90	0.00	8.20	0.00	126.36	98.26	80.0
131.00	13.06	11.79	106.15	5.91	14.50	19.90	0.00	8.20	0.00	126.56	98.46	80.0
132.00	13.31	11.88	106.81	5.45	14.50	19.90	0.00	8.20	0.00	126.76	98.66	80.0
133.00	13.56	11.97	107.47	4.99	14.50	19.90	0.00	8.20	0.00	126.96	98.86	80.0
134.00	13.81	12.06	108.13	4.53	14.50	19.90	0.00	8.20	0.00	127.16	99.06	81.0
135.00	14.06	12.15	108.79	4.06	14.50	19.90	0.00	8.20	0.00	127.35	99.25	80.0
136.00	14.31	12.24	109.45	3.60	14.50	19.90	0.00	8.20	0.00	127.55	99.45	80.0
137.00	14.56	12.33	110.11	3.14	14.50	19.90	0.00	8.20	0.00	127.75	99.65	80.0
138.00	14.81	12.42	110.77	2.68	14.50	19.90	0.00	8.20	0.00	127.95	99.85	80.0
139.00	15.06	12.51	111.43	2.22	14.50	19.90	0.00	8.20	0.00	128.15	100.05	81.0
140.00	15.31	12.60	112.09	1.75	14.50	19.90	0.00	8.20	0.00	128.34	100.24	80.0
141.00	15.56	12.69	112.75	1.29	14.50	19.90	0.00	8.20	0.00	128.54	100.44	80.0
142.00	15.81	12.78	113.41	0.83	14.50	19.90	0.00	8.20	0.00	128.74	100.64	117.0
143.00	16.06	12.87	114.07	0.00	14.50	19.90	0.00	8.20	0.00	128.57	100.47	34.0

BETWEEN EARNINGS OF £144 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	14.50	19.90	0.00	8.20	0.00	234.83	206.73	34.0
305.00	56.56	27.45	220.99	0.00	14.50	19.90	0.00	8.20	0.00	235.49	207.39	25.0
306.00	56.81	27.45	221.74	0.00	14.50	19.90	0.00	8.20	0.00	236.24	208.14	25.0
307.00	57.06	27.45	222.49	0.00	14.50	19.90	0.00	8.20	0.00	236.99	208.89	25.0
308.00	57.31	27.45	223.24	0.00	14.50	19.90	0.00	8.20	0.00	237.74	209.64	25.0
309.00	57.56	27.45	223.99	0.00	14.50	19.90	0.00	8.20	0.00	238.49	210.39	25.0
310.00	57.81	27.45	224.74	0.00	14.50	19.90	0.00	8.20	0.00	239.24	211.14	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 2 CHILDREN AGED 13 & 16

DHSS SR3A

EARNINGS AND BENEFITS
FAMILY HEAD IN FULL-TIME WORK
AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £124.66

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £96.56

GRUSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	54.32	14.50	19.90	5.14	8.20	2.02	132.98	104.88	97.0
61.00	0.00	3.05	57.95	53.65	14.50	19.90	4.95	8.20	1.96	133.01	104.91	96.0
62.00	0.00	3.10	58.90	52.99	14.50	19.90	4.76	8.20	1.90	133.05	104.95	95.0
63.00	0.00	3.15	59.85	52.32	14.50	19.90	4.58	8.20	1.85	133.10	105.00	96.0
64.00	0.00	3.20	60.80	51.66	14.50	19.90	4.39	8.20	1.79	133.14	105.04	96.0
65.00	0.00	3.25	61.75	50.99	14.50	19.90	4.21	8.20	1.73	133.18	105.08	95.0
66.00	0.00	3.30	62.70	50.33	14.50	19.90	4.02	8.20	1.68	133.23	105.13	96.0
67.00	0.00	3.35	63.65	49.66	14.50	19.90	3.84	8.20	1.62	133.27	105.17	96.0
68.00	0.00	3.40	64.60	49.00	14.50	19.90	3.65	8.20	1.56	133.31	105.21	96.0
69.00	0.00	3.45	65.55	48.33	14.50	19.90	3.47	8.20	1.50	133.35	105.25	101.0
70.00	0.00	4.90	65.10	48.65	14.50	19.90	3.56	8.20	1.53	133.34	105.24	97.0
71.00	0.00	4.97	66.03	47.99	14.50	19.90	3.37	8.20	1.48	133.37	105.27	96.0
72.00	0.00	5.04	66.96	47.34	14.50	19.90	3.19	8.20	1.42	133.41	105.31	96.0
73.00	0.00	5.11	67.89	46.69	14.50	19.90	3.01	8.20	1.36	133.45	105.35	95.0
74.00	0.00	5.18	68.82	46.04	14.50	19.90	2.83	8.20	1.31	133.50	105.40	96.0
75.00	0.00	5.25	69.75	45.39	14.50	19.90	2.65	8.20	1.25	133.54	105.44	95.0
76.00	0.00	5.32	70.68	44.74	14.50	19.90	2.47	8.20	1.20	133.59	105.49	96.0
77.00	0.00	5.39	71.61	44.09	14.50	19.90	2.29	8.20	1.14	133.63	105.53	97.0
78.00	0.00	5.46	72.54	43.44	14.50	19.90	2.10	8.20	1.08	133.66	105.56	95.0
79.00	0.06	5.53	73.41	42.83	14.50	19.90	1.94	8.20	1.03	133.71	105.61	98.0
80.00	0.31	5.60	74.09	42.35	14.50	19.90	1.80	8.20	0.99	133.73	105.63	96.0
81.00	0.56	5.67	74.77	41.88	14.50	19.90	1.67	8.20	0.95	133.77	105.67	97.0
82.00	0.81	5.74	75.45	41.40	14.50	19.90	1.54	8.20	0.91	133.80	105.70	96.0
83.00	1.06	5.81	76.13	40.93	14.50	19.90	1.41	8.20	0.87	133.84	105.74	98.0
84.00	1.31	5.88	76.81	40.45	14.50	19.90	1.27	8.20	0.83	133.86	105.76	97.0
85.00	1.56	5.95	77.49	39.97	14.50	19.90	1.14	8.20	0.79	133.89	105.79	96.0
86.00	1.81	6.02	78.17	39.50	14.50	19.90	1.01	8.20	0.75	133.93	105.83	97.0
87.00	2.06	6.09	78.85	39.02	14.50	19.90	0.88	8.20	0.71	133.96	105.86	97.0

MARRIED COUPLE WITH 2 CHILDREN AGED 13 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
88.00	2.31	6.16	79.53	38.55	14.50	19.90	0.74	8.20	0.67	133.99	105.89	98.0
89.00	2.56	6.23	80.21	38.07	14.50	19.90	0.61	8.20	0.62	134.01	105.91	145.0
90.00	2.81	6.30	80.89	37.59	14.50	19.90	0.00	8.20	0.58	133.56	105.46	83.0
91.00	3.06	6.37	81.57	37.12	14.50	19.90	0.00	8.20	0.54	133.73	105.63	84.0
92.00	3.31	6.44	82.25	36.64	14.50	19.90	0.00	8.20	0.50	133.89	105.79	129.0
93.00	3.56	6.51	82.93	36.17	14.50	19.90	0.00	8.20	0.00	133.60	105.50	80.0
94.00	3.81	6.58	83.61	35.69	14.50	19.90	0.00	8.20	0.00	133.80	105.70	80.0
95.00	4.06	6.65	84.29	35.21	14.50	19.90	0.00	8.20	0.00	134.00	105.90	79.0
96.00	4.31	6.72	84.97	34.74	14.50	19.90	0.00	8.20	0.00	134.21	106.11	80.0
97.00	4.56	6.79	85.65	34.26	14.50	19.90	0.00	8.20	0.00	134.41	106.31	79.0
98.00	4.81	6.86	86.33	33.79	14.50	19.90	0.00	8.20	0.00	134.62	106.52	80.0
99.00	5.06	6.93	87.01	33.31	14.50	19.90	0.00	8.20	0.00	134.82	106.72	80.0
100.00	5.31	7.00	87.69	32.83	14.50	19.90	0.00	8.20	0.00	135.02	106.92	79.0
101.00	5.56	7.07	88.37	32.36	14.50	19.90	0.00	8.20	0.00	135.23	107.13	80.0
102.00	5.81	7.14	89.05	31.88	14.50	19.90	0.00	8.20	0.00	135.43	107.33	79.0
103.00	6.06	7.21	89.73	31.41	14.50	19.90	0.00	8.20	0.00	135.64	107.54	80.0
104.00	6.31	7.28	90.41	30.93	14.50	19.90	0.00	8.20	0.00	135.84	107.74	143.0
105.00	6.56	7.35	91.09	30.46	14.50	19.90	0.00	8.20	0.00	136.05	107.95	80.0
106.00	6.81	7.42	91.77	29.98	14.50	19.90	0.00	8.20	0.00	136.25	108.15	80.0
107.00	7.06	7.49	92.45	29.51	14.50	19.90	0.00	8.20	0.00	136.46	108.36	80.0
108.00	7.31	7.56	93.13	29.03	14.50	19.90	0.00	8.20	0.00	136.66	108.56	80.0
109.00	7.56	7.63	93.81	28.56	14.50	19.90	0.00	8.20	0.00	136.87	108.77	81.0
110.00	7.81	7.70	94.49	28.08	14.50	19.90	0.00	8.20	0.00	137.07	108.97	80.0
111.00	8.06	7.77	95.17	27.61	14.50	19.90	0.00	8.20	0.00	137.28	109.18	80.0
112.00	8.31	7.84	95.85	27.13	14.50	19.90	0.00	8.20	0.00	137.48	109.38	80.0
113.00	8.56	7.91	96.53	26.66	14.50	19.90	0.00	8.20	0.00	137.69	109.59	80.0
114.00	8.81	7.98	97.21	26.18	14.50	19.90	0.00	8.20	0.00	137.89	109.79	81.0
115.00	9.06	8.05	97.89	25.71	14.50	19.90	0.00	8.20	0.00	138.10	109.99	80.0
116.00	9.31	8.12	98.57	25.23	14.50	19.90	0.00	8.20	0.00	138.30	110.19	80.0
117.00	9.56	8.19	99.25	24.76	14.50	19.90	0.00	8.20	0.00	138.51	110.39	80.0
118.00	9.81	8.26	99.93	24.28	14.50	19.90	0.00	8.20	0.00	138.71	110.59	80.0
119.00	10.06	8.33	100.61	23.81	14.50	19.90	0.00	8.20	0.00	138.92	110.79	81.0
120.00	10.31	8.40	101.29	23.33	14.50	19.90	0.00	8.20	0.00	139.12	110.99	80.0
121.00	10.56	8.47	101.97	22.86	14.50	19.90	0.00	8.20	0.00	139.33	111.19	80.0
122.00	10.81	8.54	102.65	22.38	14.50	19.90	0.00	8.20	0.00	139.53	111.39	80.0
123.00	11.06	8.61	103.33	21.91	14.50	19.90	0.00	8.20	0.00	139.74	111.59	80.0
124.00	11.31	8.68	104.01	21.43	14.50	19.90	0.00	8.20	0.00	139.94	111.79	81.0
125.00	11.56	8.75	104.69	20.96	14.50	19.90	0.00	8.20	0.00	140.15	111.99	80.0
126.00	11.81	8.82	105.37	20.48	14.50	19.90	0.00	8.20	0.00	140.35	112.19	80.0
127.00	12.06	8.89	106.05	20.01	14.50	19.90	0.00	8.20	0.00	140.56	112.39	80.0
128.00	12.31	8.96	106.73	19.53	14.50	19.90	0.00	8.20	0.00	140.76	112.59	80.0
129.00	12.56	9.03	107.41	19.06	14.50	19.90	0.00	8.20	0.00	140.97	112.79	81.0

MARRIED COUPLE WITH 2 CHILDREN AGED 13 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
130.00	12.81	11.70	105.49	20.37	14.50	19.90	0.00	8.20	0.00	140.36	112.26	80.0
131.00	13.06	11.79	106.15	19.91	14.50	19.90	0.00	8.20	0.00	140.56	112.46	80.0
132.00	13.31	11.88	106.81	19.45	14.50	19.90	0.00	8.20	0.00	140.76	112.66	80.0
133.00	13.56	11.97	107.47	18.99	14.50	19.90	0.00	8.20	0.00	140.96	112.86	80.0
134.00	13.81	12.06	108.13	18.53	14.50	19.90	0.00	8.20	0.00	141.16	113.06	81.0
135.00	14.06	12.15	108.79	18.06	14.50	19.90	0.00	8.20	0.00	141.35	113.25	80.0
136.00	14.31	12.24	109.45	17.60	14.50	19.90	0.00	8.20	0.00	141.55	113.45	80.0
137.00	14.56	12.33	110.11	17.14	14.50	19.90	0.00	8.20	0.00	141.75	113.65	80.0
138.00	14.81	12.42	110.77	16.68	14.50	19.90	0.00	8.20	0.00	141.95	113.85	80.0
139.00	15.06	12.51	111.43	16.22	14.50	19.90	0.00	8.20	0.00	142.15	114.05	81.0
140.00	15.31	12.60	112.09	15.75	14.50	19.90	0.00	8.20	0.00	142.34	114.24	80.0
141.00	15.56	12.69	112.75	15.29	14.50	19.90	0.00	8.20	0.00	142.54	114.44	80.0
142.00	15.81	12.78	113.41	14.83	14.50	19.90	0.00	8.20	0.00	142.74	114.64	80.0
143.00	16.06	12.87	114.07	14.37	14.50	19.90	0.00	8.20	0.00	142.94	114.84	80.0
144.00	16.31	12.96	114.73	13.91	14.50	19.90	0.00	8.20	0.00	143.14	115.04	81.0
145.00	16.56	13.05	115.39	13.44	14.50	19.90	0.00	8.20	0.00	143.33	115.23	80.0
146.00	16.81	13.14	116.05	12.98	14.50	19.90	0.00	8.20	0.00	143.53	115.43	80.0
147.00	17.06	13.23	116.71	12.52	14.50	19.90	0.00	8.20	0.00	143.73	115.63	80.0
148.00	17.31	13.32	117.37	12.06	14.50	19.90	0.00	8.20	0.00	143.93	115.83	80.0
149.00	17.56	13.41	118.03	11.60	14.50	19.90	0.00	8.20	0.00	144.13	116.03	81.0
150.00	17.81	13.50	118.69	11.13	14.50	19.90	0.00	8.20	0.00	144.32	116.22	80.0
151.00	18.06	13.59	119.35	10.67	14.50	19.90	0.00	8.20	0.00	144.52	116.42	80.0
152.00	18.31	13.68	120.01	10.21	14.50	19.90	0.00	8.20	0.00	144.72	116.62	80.0
153.00	18.56	13.77	120.67	9.75	14.50	19.90	0.00	8.20	0.00	144.92	116.82	80.0
154.00	18.81	13.86	121.33	9.29	14.50	19.90	0.00	8.20	0.00	145.12	117.02	81.0
155.00	19.06	13.95	121.99	8.82	14.50	19.90	0.00	8.20	0.00	145.31	117.21	80.0
156.00	19.31	14.04	122.65	8.36	14.50	19.90	0.00	8.20	0.00	145.51	117.41	80.0
157.00	19.56	14.13	123.31	7.90	14.50	19.90	0.00	8.20	0.00	145.71	117.61	80.0
158.00	19.81	14.22	123.97	7.44	14.50	19.90	0.00	8.20	0.00	145.91	117.81	80.0
159.00	20.06	14.31	124.63	6.98	14.50	19.90	0.00	8.20	0.00	146.11	118.01	81.0
160.00	20.31	14.40	125.29	6.51	14.50	19.90	0.00	8.20	0.00	146.30	118.20	80.0
161.00	20.56	14.49	125.95	6.05	14.50	19.90	0.00	8.20	0.00	146.50	118.40	80.0
162.00	20.81	14.58	126.61	5.59	14.50	19.90	0.00	8.20	0.00	146.70	118.60	80.0
163.00	21.06	14.67	127.27	5.13	14.50	19.90	0.00	8.20	0.00	146.90	118.80	80.0
164.00	21.31	14.76	127.93	4.67	14.50	19.90	0.00	8.20	0.00	147.10	119.00	81.0
165.00	21.56	14.85	128.59	4.20	14.50	19.90	0.00	8.20	0.00	147.29	119.19	80.0
166.00	21.81	14.94	129.25	3.74	14.50	19.90	0.00	8.20	0.00	147.49	119.39	80.0
167.00	22.06	15.03	129.91	3.28	14.50	19.90	0.00	8.20	0.00	147.69	119.59	80.0
168.00	22.31	15.12	130.57	2.82	14.50	19.90	0.00	8.20	0.00	147.89	119.79	80.0
169.00	22.56	15.21	131.23	2.36	14.50	19.90	0.00	8.20	0.00	148.09	119.99	81.0
170.00	22.81	15.30	131.89	1.89	14.50	19.90	0.00	8.20	0.00	148.28	120.18	80.0
171.00	23.06	15.39	132.55	1.43	14.50	19.90	0.00	8.20	0.00	148.48	120.38	80.0

MARRIED COUPLE WITH 2 CHILDREN AGED 13 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
172.00	23.31	15.48	133.21	0.97	14.50	19.90	0.00	8.20	0.00	148.68	120.58	80.0
173.00	23.56	15.57	133.87	0.51	14.50	19.90	0.00	8.20	0.00	148.88	120.78	85.0
174.00	23.81	15.66	134.53	0.00	14.50	19.90	0.00	8.20	0.00	149.03	120.93	34.0

BETWEEN EARNINGS OF £175 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	14.50	19.90	0.00	8.20	0.00	234.83	206.73	34.0
305.00	56.56	27.45	220.99	0.00	14.50	19.90	0.00	8.20	0.00	235.49	207.39	25.0
306.00	56.81	27.45	221.74	0.00	14.50	19.90	0.00	8.20	0.00	236.24	208.14	25.0
307.00	57.06	27.45	222.49	0.00	14.50	19.90	0.00	8.20	0.00	236.99	208.89	25.0
308.00	57.31	27.45	223.24	0.00	14.50	19.90	0.00	8.20	0.00	237.74	209.64	25.0
309.00	57.56	27.45	223.99	0.00	14.50	19.90	0.00	8.20	0.00	238.49	210.39	25.0
310.00	57.81	27.45	224.74	0.00	14.50	19.90	0.00	8.20	0.00	239.24	211.14	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 3 CHILDREN AGED 3, 8 & 11

DHSS BR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £128.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £100.49

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	51.72	21.75	19.90	3.48	B.20	1.51	135.46	107.36	97.0
61.00	0.00	3.05	57.95	51.05	21.75	19.90	3.29	B.20	1.45	135.49	107.39	95.0
62.00	0.00	3.10	58.90	50.39	21.75	19.90	3.11	B.20	1.39	135.54	107.44	96.0
63.00	0.00	3.15	59.85	49.72	21.75	19.90	2.92	B.20	1.34	135.58	107.48	95.0
64.00	0.00	3.20	60.80	49.06	21.75	19.90	2.74	B.20	1.28	135.63	107.53	97.0
65.00	0.00	3.25	61.75	48.39	21.75	19.90	2.55	B.20	1.22	135.66	107.56	94.0
66.00	0.00	3.30	62.70	47.73	21.75	19.90	2.37	B.20	1.17	135.72	107.62	97.0
67.00	0.00	3.35	63.65	47.06	21.75	19.90	2.18	B.20	1.11	135.75	107.65	95.0
68.00	0.00	3.40	64.60	46.40	21.75	19.90	2.00	B.20	1.05	135.80	107.70	97.0
69.00	0.00	3.45	65.55	45.73	21.75	19.90	1.81	B.20	0.99	135.83	107.73	101.0
70.00	0.00	4.90	65.10	46.05	21.75	19.90	1.90	B.20	1.02	135.82	107.72	96.0
71.00	0.00	4.97	66.03	45.39	21.75	19.90	1.72	B.20	0.97	135.86	107.76	96.0
72.00	0.00	5.04	66.96	44.74	21.75	19.90	1.54	B.20	0.91	135.90	107.80	97.0
73.00	0.00	5.11	67.89	44.09	21.75	19.90	1.35	B.20	0.85	135.93	107.83	95.0
74.00	0.00	5.18	68.82	43.44	21.75	19.90	1.17	B.20	0.80	135.98	107.88	96.0
75.00	0.00	5.25	69.75	42.79	21.75	19.90	0.99	B.20	0.74	136.02	107.92	95.0
76.00	0.00	5.32	70.68	42.14	21.75	19.90	0.81	B.20	0.69	136.07	107.97	96.0
77.00	0.00	5.39	71.61	41.49	21.75	19.90	0.63	B.20	0.63	136.11	108.01	141.0
78.00	0.00	5.46	72.54	40.84	21.75	19.90	0.00	B.20	0.57	135.70	107.60	79.0
79.00	0.06	5.53	73.41	40.23	21.75	19.90	0.00	B.20	0.52	135.91	107.81	132.0
80.00	0.31	5.60	74.09	39.75	21.75	19.90	0.00	B.20	0.00	135.59	107.49	79.0
81.00	0.56	5.67	74.77	39.28	21.75	19.90	0.00	B.20	0.00	135.80	107.70	80.0
82.00	0.81	5.74	75.45	38.80	21.75	19.90	0.00	B.20	0.00	136.00	107.90	79.0
83.00	1.06	5.81	76.13	38.33	21.75	19.90	0.00	B.20	0.00	136.21	108.11	80.0
84.00	1.31	5.88	76.81	37.85	21.75	19.90	0.00	B.20	0.00	136.41	108.31	80.0
85.00	1.56	5.95	77.49	37.37	21.75	19.90	0.00	B.20	0.00	136.61	108.51	79.0
86.00	1.81	6.02	78.17	36.90	21.75	19.90	0.00	B.20	0.00	136.82	108.72	80.0
87.00	2.06	6.09	78.85	36.42	21.75	19.90	0.00	B.20	0.00	137.02	108.92	79.0

MARRIED COUPLE WITH 3 CHILDREN AGED 3, 8 & 11

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
88.00	2.31	6.16	79.53	35.95	21.75	19.90	0.00	8.20	0.00	137.23	109.13	80.0
89.00	2.56	6.23	80.21	35.47	21.75	19.90	0.00	8.20	0.00	137.43	109.33	80.0
90.00	2.81	6.30	80.89	34.99	21.75	19.90	0.00	8.20	0.00	137.63	109.53	79.0
91.00	3.06	6.37	81.57	34.52	21.75	19.90	0.00	8.20	0.00	137.84	109.74	80.0
92.00	3.31	6.44	82.25	34.04	21.75	19.90	0.00	8.20	0.00	138.04	109.94	79.0
93.00	3.56	6.51	82.93	33.57	21.75	19.90	0.00	8.20	0.00	138.25	110.15	80.0
94.00	3.81	6.58	83.61	33.09	21.75	19.90	0.00	8.20	0.00	138.45	110.35	80.0
95.00	4.06	6.65	84.29	32.61	21.75	19.90	0.00	8.20	0.00	138.65	110.55	79.0
96.00	4.31	6.72	84.97	32.14	21.75	19.90	0.00	8.20	0.00	138.86	110.76	80.0
97.00	4.56	6.79	85.65	31.66	21.75	19.90	0.00	8.20	0.00	139.06	110.96	79.0
98.00	4.81	6.86	86.33	31.19	21.75	19.90	0.00	8.20	0.00	139.27	111.17	80.0
99.00	5.06	6.93	87.01	30.71	21.75	19.90	0.00	8.20	0.00	139.47	111.37	80.0
100.00	5.31	7.00	87.69	30.23	21.75	19.90	0.00	8.20	0.00	139.67	111.57	79.0
101.00	5.56	7.07	88.37	29.76	21.75	19.90	0.00	8.20	0.00	139.88	111.78	80.0
102.00	5.81	7.14	89.05	29.28	21.75	19.90	0.00	8.20	0.00	140.08	111.98	79.0
103.00	6.06	7.21	89.73	28.81	21.75	19.90	0.00	8.20	0.00	140.29	112.19	80.0
104.00	6.31	7.28	90.41	28.33	21.75	19.90	0.00	8.20	0.00	140.49	112.39	143.0
105.00	6.56	7.35	91.09	27.86	21.75	19.90	0.00	8.20	0.00	140.66	112.56	80.0
106.00	6.81	7.42	91.77	27.38	21.75	19.90	0.00	8.20	0.00	140.86	112.76	80.0
107.00	7.06	7.49	92.45	26.91	21.75	19.90	0.00	8.20	0.00	141.05	112.95	80.0
108.00	7.31	7.56	93.13	26.43	21.75	19.90	0.00	8.20	0.00	141.25	113.15	80.0
109.00	7.56	7.63	93.81	25.96	21.75	19.90	0.00	8.20	0.00	141.45	113.35	80.0
110.00	7.81	7.70	94.49	25.48	21.75	19.90	0.00	8.20	0.00	141.65	113.55	80.0
111.00	8.06	7.77	95.17	25.01	21.75	19.90	0.00	8.20	0.00	141.85	113.75	81.0
112.00	8.31	7.84	95.85	24.53	21.75	19.90	0.00	8.20	0.00	142.04	113.94	80.0
113.00	8.56	7.91	96.53	24.06	21.75	19.90	0.00	8.20	0.00	142.24	114.14	80.0
114.00	8.81	7.98	97.21	23.58	21.75	19.90	0.00	8.20	0.00	142.44	114.34	80.0
115.00	9.06	8.05	97.89	23.11	21.75	19.90	0.00	8.20	0.00	142.64	114.54	80.0
116.00	9.31	8.12	98.57	22.63	21.75	19.90	0.00	8.20	0.00	142.84	114.74	81.0
117.00	9.56	8.19	99.25	22.16	21.75	19.90	0.00	8.20	0.00	143.03	114.93	80.0
118.00	9.81	8.26	99.93	21.68	21.75	19.90	0.00	8.20	0.00	143.23	115.13	80.0
119.00	10.06	8.33	100.61	21.21	21.75	19.90	0.00	8.20	0.00	143.43	115.33	80.0
120.00	10.31	8.40	101.29	20.73	21.75	19.90	0.00	8.20	0.00	143.63	115.53	80.0
121.00	10.56	8.47	101.97	20.26	21.75	19.90	0.00	8.20	0.00	143.83	115.73	81.0
122.00	10.81	8.54	102.65	19.78	21.75	19.90	0.00	8.20	0.00	144.02	115.92	80.0
123.00	11.06	8.61	103.33	19.31	21.75	19.90	0.00	8.20	0.00	144.22	116.12	80.0
124.00	11.31	8.68	104.01	18.83	21.75	19.90	0.00	8.20	0.00	144.42	116.32	80.0
125.00	11.56	8.75	104.69	18.36	21.75	19.90	0.00	8.20	0.00	144.62	116.52	80.0
126.00	11.81	8.82	105.37	17.88	21.75	19.90	0.00	8.20	0.00	144.82	116.72	81.0
127.00	12.06	8.89	106.05	17.41	21.75	19.90	0.00	8.20	0.00			
128.00	12.31	8.96	106.73	16.93	21.75	19.90	0.00	8.20	0.00			
129.00	12.56	9.03	107.41	16.46	21.75	19.90	0.00	8.20	0.00			

MARRIED COUPLE WITH 3 CHILDREN AGED 3, 8 & 11

GRASS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
130.00	12.81	11.70	105.49	17.77	21.75	19.90	0.00	B.20	0.00	145.01	116.91	80.0
131.00	13.06	11.79	106.15	17.31	21.75	19.90	0.00	B.20	0.00	145.21	117.11	80.0
132.00	13.31	11.88	106.81	16.85	21.75	19.90	0.00	B.20	0.00	145.41	117.31	80.0
133.00	13.56	11.97	107.47	16.39	21.75	19.90	0.00	B.20	0.00	145.61	117.51	80.0
134.00	13.81	12.06	108.13	15.93	21.75	19.90	0.00	B.20	0.00	145.81	117.71	81.0
135.00	14.06	12.15	108.79	15.46	21.75	19.90	0.00	B.20	0.00	146.00	117.90	80.0
136.00	14.31	12.24	109.45	15.00	21.75	19.90	0.00	B.20	0.00	146.20	118.10	80.0
137.00	14.56	12.33	110.11	14.54	21.75	19.90	0.00	B.20	0.00	146.40	118.30	80.0
138.00	14.81	12.42	110.77	14.08	21.75	19.90	0.00	B.20	0.00	146.60	118.50	80.0
139.00	15.06	12.51	111.43	13.62	21.75	19.90	0.00	B.20	0.00	146.80	118.70	81.0
140.00	15.31	12.60	112.09	13.15	21.75	19.90	0.00	B.20	0.00	146.99	118.89	80.0
141.00	15.56	12.69	112.75	12.69	21.75	19.90	0.00	B.20	0.00	147.19	119.09	80.0
142.00	15.81	12.78	113.41	12.23	21.75	19.90	0.00	B.20	0.00	147.39	119.29	80.0
143.00	16.06	12.87	114.07	11.77	21.75	19.90	0.00	B.20	0.00	147.59	119.49	80.0
144.00	16.31	12.96	114.73	11.31	21.75	19.90	0.00	B.20	0.00	147.79	119.69	81.0
145.00	16.56	13.05	115.39	10.84	21.75	19.90	0.00	B.20	0.00	147.98	119.88	80.0
146.00	16.81	13.14	116.05	10.38	21.75	19.90	0.00	B.20	0.00	148.18	120.08	80.0
147.00	17.06	13.23	116.71	9.92	21.75	19.90	0.00	B.20	0.00	148.38	120.28	80.0
148.00	17.31	13.32	117.37	9.46	21.75	19.90	0.00	B.20	0.00	148.58	120.48	80.0
149.00	17.56	13.41	118.03	9.00	21.75	19.90	0.00	B.20	0.00	148.78	120.68	81.0
150.00	17.81	13.50	118.69	8.53	21.75	19.90	0.00	B.20	0.00	148.97	120.87	80.0
151.00	18.06	13.59	119.35	8.07	21.75	19.90	0.00	B.20	0.00	149.17	121.07	80.0
152.00	18.31	13.68	120.01	7.61	21.75	19.90	0.00	B.20	0.00	149.37	121.27	80.0
153.00	18.56	13.77	120.67	7.15	21.75	19.90	0.00	B.20	0.00	149.57	121.47	80.0
154.00	18.81	13.86	121.33	6.69	21.75	19.90	0.00	B.20	0.00	149.77	121.67	81.0
155.00	19.06	13.95	121.99	6.22	21.75	19.90	0.00	B.20	0.00	149.96	121.86	80.0
156.00	19.31	14.04	122.65	5.76	21.75	19.90	0.00	B.20	0.00	150.16	122.06	80.0
157.00	19.56	14.13	123.31	5.30	21.75	19.90	0.00	B.20	0.00	150.36	122.26	80.0
158.00	19.81	14.22	123.97	4.84	21.75	19.90	0.00	B.20	0.00	150.56	122.46	80.0
159.00	20.06	14.31	124.63	4.38	21.75	19.90	0.00	B.20	0.00	150.76	122.66	81.0
160.00	20.31	14.40	125.29	3.91	21.75	19.90	0.00	B.20	0.00	150.95	122.85	80.0
161.00	20.56	14.49	125.95	3.45	21.75	19.90	0.00	B.20	0.00	151.15	123.05	80.0
162.00	20.81	14.58	126.61	2.99	21.75	19.90	0.00	B.20	0.00	151.35	123.25	80.0
163.00	21.06	14.67	127.27	2.53	21.75	19.90	0.00	B.20	0.00	151.55	123.45	80.0
164.00	21.31	14.76	127.93	2.07	21.75	19.90	0.00	B.20	0.00	151.75	123.65	81.0
165.00	21.56	14.85	128.59	1.60	21.75	19.90	0.00	B.20	0.00	151.94	123.84	80.0
166.00	21.81	14.94	129.25	1.14	21.75	19.90	0.00	B.20	0.00	152.14	124.04	80.0
167.00	22.06	15.03	129.91	0.68	21.75	19.90	0.00	B.20	0.00	152.34	124.24	102.0

MARRIED COUPLE WITH 3 CHILDREN AGED 3, 8 & 11

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
168.00	22.31	15.12	130.57	0.00	21.75	19.90	0.00	B.20	0.00	152.32	124.22	34.0

BETWEEN EARNINGS OF £169 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	21.75	19.90	0.00	B.20	0.00	242.08	213.98	34.0
305.00	56.56	27.45	220.99	0.00	21.75	19.90	0.00	B.20	0.00	242.74	214.64	25.0
306.00	56.81	27.45	221.74	0.00	21.75	19.90	0.00	B.20	0.00	243.49	215.39	25.0
307.00	57.06	27.45	222.49	0.00	21.75	19.90	0.00	B.20	0.00	244.24	216.14	25.0
308.00	57.31	27.45	223.24	0.00	21.75	19.90	0.00	B.20	0.00	244.99	216.89	25.0
309.00	57.56	27.45	223.99	0.00	21.75	19.90	0.00	B.20	0.00	245.74	217.64	25.0
310.00	57.81	27.45	224.74	0.00	21.75	19.90	0.00	B.20	0.00	246.49	218.39	25.0

SYSTEM IN APRIL 1988

MARRIED COUPLE WITH 4 CHILDREN AGED 3, 8, 11 & 16

DHSS SR3A

EARNINGS AND BENEFITS

FAMILY HEAD IN FULL-TIME WORK

AS AT APRIL 88

TAX THRESHOLD = £78.75

BASIC TAX RATE = 25%

TOTAL NET INCOME ON INCOME SUPPORT = £150.54

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £122.44

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
60.00	0.00	3.00	57.00	66.42	29.00	19.90	1.82	8.20	1.00	155.24	127.14	96.0
61.00	0.00	3.05	57.95	65.75	29.00	19.90	1.64	8.20	0.94	155.28	127.18	96.0
62.00	0.00	3.10	58.90	65.09	29.00	19.90	1.45	8.20	0.88	155.32	127.22	96.0
63.00	0.00	3.15	59.85	64.42	29.00	19.90	1.26	8.20	0.83	155.36	127.26	95.0
64.00	0.00	3.20	60.80	63.76	29.00	19.90	1.08	8.20	0.77	155.41	127.31	97.0
65.00	0.00	3.25	61.75	63.09	29.00	19.90	0.89	8.20	0.71	155.44	127.34	94.0
66.00	0.00	3.30	62.70	62.43	29.00	19.90	0.71	8.20	0.66	155.50	127.40	97.0
67.00	0.00	3.35	63.65	61.76	29.00	19.90	0.52	8.20	0.60	155.53	127.43	129.0
68.00	0.00	3.40	64.60	61.10	29.00	19.90	0.00	8.20	0.54	155.24	127.14	126.0
69.00	0.00	3.45	65.55	60.43	29.00	19.90	0.00	8.20	0.00	154.98	126.88	62.0
70.00	0.00	4.90	65.10	60.75	29.00	19.90	0.00	8.20	0.51	155.36	127.26	124.0
71.00	0.00	4.97	66.03	60.09	29.00	19.90	0.00	8.20	0.00	155.12	127.02	72.0
72.00	0.00	5.04	66.96	59.44	29.00	19.90	0.00	8.20	0.00	155.40	127.30	72.0
73.00	0.00	5.11	67.89	58.79	29.00	19.90	0.00	8.20	0.00	155.68	127.58	72.0
74.00	0.00	5.18	68.82	58.14	29.00	19.90	0.00	8.20	0.00	155.96	127.86	72.0
75.00	0.00	5.25	69.75	57.49	29.00	19.90	0.00	8.20	0.00	156.24	128.14	72.0
76.00	0.00	5.32	70.68	56.84	29.00	19.90	0.00	8.20	0.00	156.52	128.42	72.0
77.00	0.00	5.39	71.61	56.19	29.00	19.90	0.00	8.20	0.00	156.80	128.70	72.0
78.00	0.00	5.46	72.54	55.54	29.00	19.90	0.00	8.20	0.00	157.08	128.98	74.0
79.00	0.06	5.53	73.41	54.93	29.00	19.90	0.00	8.20	0.00	157.34	129.24	80.0
80.00	0.31	5.60	74.09	54.45	29.00	19.90	0.00	8.20	0.00	157.54	129.44	79.0
81.00	0.56	5.67	74.77	53.98	29.00	19.90	0.00	8.20	0.00	157.75	129.65	80.0
82.00	0.81	5.74	75.45	53.50	29.00	19.90	0.00	8.20	0.00	157.95	129.85	79.0
83.00	1.06	5.81	76.13	53.03	29.00	19.90	0.00	8.20	0.00	158.16	130.06	80.0
84.00	1.31	5.88	76.81	52.55	29.00	19.90	0.00	8.20	0.00	158.36	130.26	80.0
85.00	1.56	5.95	77.49	52.07	29.00	19.90	0.00	8.20	0.00	158.56	130.46	79.0
86.00	1.81	6.02	78.17	51.60	29.00	19.90	0.00	8.20	0.00	158.77	130.67	80.0
87.00	2.06	6.09	78.85	51.12	29.00	19.90	0.00	8.20	0.00	158.97	130.87	79.0

MARRIED COUPLE WITH 4 CHILDREN AGED 3, 8, 11 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
88.00	2.31	6.16	79.53	50.65	29.00	19.90	0.00	8.20	0.00	159.18	131.08	80.0
89.00	2.56	6.23	80.21	50.17	29.00	19.90	0.00	8.20	0.00	159.38	131.28	80.0
90.00	2.81	6.30	80.89	49.69	29.00	19.90	0.00	8.20	0.00	159.58	131.48	79.0
91.00	3.06	6.37	81.57	49.22	29.00	19.90	0.00	8.20	0.00	159.79	131.69	80.0
92.00	3.31	6.44	82.25	48.74	29.00	19.90	0.00	8.20	0.00	159.99	131.89	79.0
93.00	3.56	6.51	82.93	48.27	29.00	19.90	0.00	8.20	0.00	160.20	132.10	80.0
94.00	3.81	6.58	83.61	47.79	29.00	19.90	0.00	8.20	0.00	160.40	132.30	80.0
95.00	4.06	6.65	84.29	47.31	29.00	19.90	0.00	8.20	0.00	160.60	132.50	79.0
96.00	4.31	6.72	84.97	46.84	29.00	19.90	0.00	8.20	0.00	160.81	132.71	80.0
97.00	4.56	6.79	85.65	46.36	29.00	19.90	0.00	8.20	0.00	161.01	132.91	79.0
98.00	4.81	6.86	86.33	45.89	29.00	19.90	0.00	8.20	0.00	161.22	133.12	80.0
99.00	5.06	6.93	87.01	45.41	29.00	19.90	0.00	8.20	0.00	161.42	133.32	80.0
100.00	5.31	7.00	87.69	44.93	29.00	19.90	0.00	8.20	0.00	161.62	133.52	79.0
101.00	5.56	7.07	88.37	44.46	29.00	19.90	0.00	8.20	0.00	161.83	133.73	80.0
102.00	5.81	7.14	89.05	43.98	29.00	19.90	0.00	8.20	0.00	162.03	133.93	79.0
103.00	6.06	7.21	89.73	43.51	29.00	19.90	0.00	8.20	0.00	162.24	134.14	80.0
104.00	6.31	7.28	90.41	43.03	29.00	19.90	0.00	8.20	0.00	162.44	134.34	143.0
105.00	6.56	7.35	91.09	42.56	29.00	19.90	0.00	8.20	0.00	162.64	134.54	80.0
106.00	6.81	7.42	91.77	42.08	29.00	19.90	0.00	8.20	0.00	162.84	134.74	80.0
107.00	7.06	7.49	92.45	41.61	29.00	19.90	0.00	8.20	0.00	163.04	134.94	80.0
108.00	7.31	7.56	93.13	41.13	29.00	19.90	0.00	8.20	0.00	163.24	135.14	80.0
109.00	7.56	7.63	93.81	40.66	29.00	19.90	0.00	8.20	0.00	163.44	135.34	81.0
110.00	7.81	7.70	94.49	40.18	29.00	19.90	0.00	8.20	0.00	163.64	135.54	80.0
111.00	8.06	7.77	95.17	39.71	29.00	19.90	0.00	8.20	0.00	163.84	135.74	80.0
112.00	8.31	7.84	95.85	39.23	29.00	19.90	0.00	8.20	0.00	164.04	135.94	80.0
113.00	8.56	7.91	96.53	38.76	29.00	19.90	0.00	8.20	0.00	164.24	136.14	80.0
114.00	8.81	7.98	97.21	38.28	29.00	19.90	0.00	8.20	0.00	164.44	136.34	81.0
115.00	9.06	8.05	97.89	37.81	29.00	19.90	0.00	8.20	0.00	164.64	136.54	80.0
116.00	9.31	8.12	98.57	37.33	29.00	19.90	0.00	8.20	0.00	164.84	136.74	80.0
117.00	9.56	8.19	99.25	36.86	29.00	19.90	0.00	8.20	0.00	165.04	136.94	80.0
118.00	9.81	8.26	99.93	36.38	29.00	19.90	0.00	8.20	0.00	165.24	137.14	80.0
119.00	10.06	8.33	100.61	35.91	29.00	19.90	0.00	8.20	0.00	165.44	137.34	81.0
120.00	10.31	8.40	101.29	35.43	29.00	19.90	0.00	8.20	0.00	165.64	137.54	80.0
121.00	10.56	8.47	101.97	34.96	29.00	19.90	0.00	8.20	0.00	165.84	137.74	80.0
122.00	10.81	8.54	102.65	34.48	29.00	19.90	0.00	8.20	0.00	166.04	137.94	80.0
123.00	11.06	8.61	103.33	34.01	29.00	19.90	0.00	8.20	0.00	166.24	138.14	80.0
124.00	11.31	8.68	104.01	33.53	29.00	19.90	0.00	8.20	0.00	166.44	138.34	81.0
125.00	11.56	8.75	104.69	33.06	29.00	19.90	0.00	8.20	0.00	166.64	138.54	80.0
126.00	11.81	8.82	105.37	32.58	29.00	19.90	0.00	8.20	0.00	166.84	138.74	80.0
127.00	12.06	8.89	106.05	32.11	29.00	19.90	0.00	8.20	0.00	167.04	138.94	80.0
128.00	12.31	8.96	106.73	31.63	29.00	19.90	0.00	8.20	0.00	167.24	139.14	80.0
129.00	12.56	9.03	107.41	31.16	29.00	19.90	0.00	8.20	0.00	167.44	139.34	81.0

MARRIED COUPLE WITH 4 CHILDREN AGED 3, 8, 11 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX / BENEFIT WITHDRAWAL RATE %
130.00	12.81	11.70	105.49	32.47	29.00	19.90	0.00	8.20	0.00	166.96	138.86	80.0
131.00	13.06	11.79	106.15	32.01	29.00	19.90	0.00	8.20	0.00	167.16	139.06	80.0
132.00	13.31	11.88	106.81	31.55	29.00	19.90	0.00	8.20	0.00	167.36	139.26	80.0
133.00	13.56	11.97	107.47	31.09	29.00	19.90	0.00	8.20	0.00	167.56	139.46	80.0
134.00	13.81	12.06	108.13	30.63	29.00	19.90	0.00	8.20	0.00	167.76	139.66	81.0
135.00	14.06	12.15	108.79	30.16	29.00	19.90	0.00	8.20	0.00	167.95	139.85	80.0
136.00	14.31	12.24	109.45	29.70	29.00	19.90	0.00	8.20	0.00	168.15	140.05	80.0
137.00	14.56	12.33	110.11	29.24	29.00	19.90	0.00	8.20	0.00	168.35	140.25	80.0
138.00	14.81	12.42	110.77	28.78	29.00	19.90	0.00	8.20	0.00	168.55	140.45	80.0
139.00	15.06	12.51	111.43	28.32	29.00	19.90	0.00	8.20	0.00	168.75	140.65	81.0
140.00	15.31	12.60	112.09	27.85	29.00	19.90	0.00	8.20	0.00	168.94	140.84	80.0
141.00	15.56	12.69	112.75	27.39	29.00	19.90	0.00	8.20	0.00	169.14	141.04	80.0
142.00	15.81	12.78	113.41	26.93	29.00	19.90	0.00	8.20	0.00	169.34	141.24	80.0
143.00	16.06	12.87	114.07	26.47	29.00	19.90	0.00	8.20	0.00	169.54	141.44	80.0
144.00	16.31	12.96	114.73	26.01	29.00	19.90	0.00	8.20	0.00	169.74	141.64	81.0
145.00	16.56	13.05	115.39	25.54	29.00	19.90	0.00	8.20	0.00	169.93	141.83	80.0
146.00	16.81	13.14	116.05	25.08	29.00	19.90	0.00	8.20	0.00	170.13	142.03	80.0
147.00	17.06	13.23	116.71	24.62	29.00	19.90	0.00	8.20	0.00	170.33	142.23	80.0
148.00	17.31	13.32	117.37	24.16	29.00	19.90	0.00	8.20	0.00	170.53	142.43	80.0
149.00	17.56	13.41	118.03	23.70	29.00	19.90	0.00	8.20	0.00	170.73	142.63	81.0
150.00	17.81	13.50	118.69	23.23	29.00	19.90	0.00	8.20	0.00	170.92	142.82	80.0
151.00	18.06	13.59	119.35	22.77	29.00	19.90	0.00	8.20	0.00	171.12	143.02	80.0
152.00	18.31	13.68	120.01	22.31	29.00	19.90	0.00	8.20	0.00	171.32	143.22	80.0
153.00	18.56	13.77	120.67	21.85	29.00	19.90	0.00	8.20	0.00	171.52	143.42	80.0
154.00	18.81	13.86	121.33	21.39	29.00	19.90	0.00	8.20	0.00	171.72	143.62	81.0
155.00	19.06	13.95	121.99	20.92	29.00	19.90	0.00	8.20	0.00	171.91	143.81	80.0
156.00	19.31	14.04	122.65	20.46	29.00	19.90	0.00	8.20	0.00	172.11	144.01	80.0
157.00	19.56	14.13	123.31	20.00	29.00	19.90	0.00	8.20	0.00	172.31	144.21	80.0
158.00	19.81	14.22	123.97	19.54	29.00	19.90	0.00	8.20	0.00	172.51	144.41	80.0
159.00	20.06	14.31	124.63	19.08	29.00	19.90	0.00	8.20	0.00	172.71	144.61	81.0
160.00	20.31	14.40	125.29	18.61	29.00	19.90	0.00	8.20	0.00	172.90	144.80	80.0
161.00	20.56	14.49	125.95	18.15	29.00	19.90	0.00	8.20	0.00	173.10	145.00	80.0
162.00	20.81	14.58	126.61	17.69	29.00	19.90	0.00	8.20	0.00	173.30	145.20	80.0
163.00	21.06	14.67	127.27	17.23	29.00	19.90	0.00	8.20	0.00	173.50	145.40	80.0
164.00	21.31	14.76	127.93	16.77	29.00	19.90	0.00	8.20	0.00	173.70	145.60	81.0
165.00	21.56	14.85	128.59	16.30	29.00	19.90	0.00	8.20	0.00	173.89	145.79	80.0
166.00	21.81	14.94	129.25	15.84	29.00	19.90	0.00	8.20	0.00	174.09	145.99	80.0
167.00	22.06	15.03	129.91	15.38	29.00	19.90	0.00	8.20	0.00	174.29	146.19	80.0
168.00	22.31	15.12	130.57	14.92	29.00	19.90	0.00	8.20	0.00	174.49	146.39	80.0
169.00	22.56	15.21	131.23	14.46	29.00	19.90	0.00	8.20	0.00	174.69	146.59	81.0
170.00	22.81	15.30	131.89	13.99	29.00	19.90	0.00	8.20	0.00	174.88	146.78	80.0
171.00	23.06	15.39	132.55	13.53	29.00	19.90	0.00	8.20	0.00	175.08	146.98	80.0

MARRIED COUPLE WITH 4 CHILDREN AGED 3, 8, 11 & 16

GROSS EARNINGS	TAX	NI	TAKE HOME PAY	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS	MARGINAL TAX /BENEFIT WITHDRAWAL RATE %
172.00	23.31	15.48	133.21	13.07	29.00	19.90	0.00	8.20	0.00	175.28	147.18	80.0
173.00	23.56	15.57	133.87	12.61	29.00	19.90	0.00	8.20	0.00	175.48	147.38	80.0
174.00	23.81	15.66	134.53	12.15	29.00	19.90	0.00	8.20	0.00	175.68	147.58	81.0
175.00	24.06	15.75	135.19	11.68	29.00	19.90	0.00	8.20	0.00	175.87	147.77	80.0
176.00	24.31	15.84	135.85	11.22	29.00	19.90	0.00	8.20	0.00	176.07	147.97	80.0
177.00	24.56	15.93	136.51	10.76	29.00	19.90	0.00	8.20	0.00	176.27	148.17	80.0
178.00	24.81	16.02	137.17	10.30	29.00	19.90	0.00	8.20	0.00	176.47	148.37	80.0
179.00	25.06	16.11	137.83	9.84	29.00	19.90	0.00	8.20	0.00	176.67	148.57	81.0
180.00	25.31	16.20	138.49	9.37	29.00	19.90	0.00	8.20	0.00	176.86	148.76	80.0
181.00	25.56	16.29	139.15	8.91	29.00	19.90	0.00	8.20	0.00	177.06	148.96	80.0
182.00	25.81	16.38	139.81	8.45	29.00	19.90	0.00	8.20	0.00	177.26	149.16	80.0
183.00	26.06	16.47	140.47	7.99	29.00	19.90	0.00	8.20	0.00	177.46	149.36	80.0
184.00	26.31	16.56	141.13	7.53	29.00	19.90	0.00	8.20	0.00	177.66	149.56	81.0
185.00	26.56	16.65	141.79	7.06	29.00	19.90	0.00	8.20	0.00	177.85	149.75	80.0
186.00	26.81	16.74	142.45	6.60	29.00	19.90	0.00	8.20	0.00	178.05	149.95	80.0
187.00	27.06	16.83	143.11	6.14	29.00	19.90	0.00	8.20	0.00	178.25	150.15	80.0
188.00	27.31	16.92	143.77	5.68	29.00	19.90	0.00	8.20	0.00	178.45	150.35	80.0
189.00	27.56	17.01	144.43	5.22	29.00	19.90	0.00	8.20	0.00	178.65	150.55	81.0
190.00	27.81	17.10	145.09	4.75	29.00	19.90	0.00	8.20	0.00	178.84	150.74	80.0
191.00	28.06	17.19	145.75	4.29	29.00	19.90	0.00	8.20	0.00	179.04	150.94	80.0
192.00	28.31	17.28	146.41	3.83	29.00	19.90	0.00	8.20	0.00	179.24	151.14	80.0
193.00	28.56	17.37	147.07	3.37	29.00	19.90	0.00	8.20	0.00	179.44	151.34	80.0
194.00	28.81	17.46	147.73	2.91	29.00	19.90	0.00	8.20	0.00	179.64	151.54	81.0
195.00	29.06	17.55	148.39	2.44	29.00	19.90	0.00	8.20	0.00	179.83	151.73	80.0
196.00	29.31	17.64	149.05	1.98	29.00	19.90	0.00	8.20	0.00	180.03	151.93	80.0
197.00	29.56	17.73	149.71	1.52	29.00	19.90	0.00	8.20	0.00	180.23	152.13	80.0
198.00	29.81	17.82	150.37	1.06	29.00	19.90	0.00	8.20	0.00	180.43	152.33	80.0
199.00	30.06	17.91	151.03	0.60	29.00	19.90	0.00	8.20	0.00	180.63	152.53	94.0
200.00	30.31	18.00	151.69	0.00	29.00	19.90	0.00	8.20	0.00	180.83	152.73	34.0

BETWEEN EARNINGS OF £201 AND £303 DEDUCTIONS OF BASIC RATE TAX AND NATIONAL INSURANCE CONTINUE TO APPLY

MARGINAL TAX/BENEFIT WITHDRAWAL RATE IS 34%

304.00	56.31	27.36	220.33	0.00	29.00	19.90	0.00	8.20	0.00	249.33	221.23	34.0
305.00	56.56	27.45	220.99	0.00	29.00	19.90	0.00	8.20	0.00	249.99	221.89	25.0
306.00	56.81	27.45	221.74	0.00	29.00	19.90	0.00	8.20	0.00	250.74	222.64	25.0
307.00	57.06	27.45	222.49	0.00	29.00	19.90	0.00	8.20	0.00	251.49	223.39	25.0
308.00	57.31	27.45	223.24	0.00	29.00	19.90	0.00	8.20	0.00	252.24	224.14	25.0
309.00	57.56	27.45	223.99	0.00	29.00	19.90	0.00	8.20	0.00	252.99	224.89	25.0
310.00	57.81	27.45	224.74	0.00	29.00	19.90	0.00	8.20	0.00	253.74	225.64	25.0

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 55.52

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 32.02

TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
32.75	0.00	0.00	16.60	16.60	6.90	5.52	54.87	31.37

INCOME SUPPORT PROVIDES A NIAHC OF £ 32.02 PER WEEK. DETAILS ABOVE ILLUSTRATE THE
POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 80.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 54.29

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	32.75	38.15	12.15	18.60	2.90	7.70	1.33	87.28	60.98
55.00	32.75	37.59	12.15	18.60	3.27	7.70	1.44	87.20	60.90
56.00	32.75	36.93	12.15	18.60	3.70	7.70	1.58	87.10	60.80
57.00	32.75	36.26	12.15	18.60	4.13	7.70	1.71	87.00	60.70
58.00	32.75	35.60	12.15	18.60	4.56	7.70	1.84	86.90	60.60
59.00	32.75	34.93	12.15	18.60	5.00	7.70	1.97	86.80	60.50
60.00	32.75	34.27	12.15	18.60	5.43	7.70	2.11	86.70	60.40
61.00	32.75	33.60	12.15	18.60	5.86	7.70	2.24	86.60	60.30
62.00	32.75	32.94	12.15	18.60	6.29	7.70	2.37	86.50	60.20
63.00	32.75	32.27	12.15	18.60	6.72	7.70	2.51	86.40	60.10
64.00	32.75	31.61	12.15	18.60	7.16	7.70	2.64	86.30	60.00
65.00	32.75	30.94	12.15	18.60	7.59	7.70	2.77	86.20	59.90
66.00	32.75	30.28	12.15	18.60	8.02	7.70	2.91	86.10	59.80
67.00	32.75	29.61	12.15	18.60	8.45	7.70	3.04	86.00	59.70
68.00	32.75	28.95	12.15	18.60	8.89	7.70	3.17	85.90	59.60
69.00	32.75	28.28	12.15	18.60	9.32	7.70	3.30	85.80	59.50
70.00	32.75	28.60	12.15	18.60	9.11	7.70	3.24	85.85	59.55
71.00	32.75	27.94	12.15	18.60	9.54	7.70	3.37	85.75	59.45
72.00	32.75	27.29	12.15	18.60	9.96	7.70	3.50	85.65	59.35
73.00	32.75	26.64	12.15	18.60	10.38	7.70	3.63	85.56	59.26
74.00	32.75	25.99	12.15	18.60	10.81	7.70	3.76	85.46	59.16
75.00	32.75	25.34	12.15	18.60	11.23	7.70	3.89	85.36	59.06
76.00	32.75	24.69	12.15	18.60	11.65	7.70	4.02	85.26	58.96
77.00	32.75	24.04	12.15	18.60	12.08	7.70	4.15	85.17	58.87
78.00	32.75	23.39	12.15	18.60	12.50	7.70	4.28	85.07	58.77
79.00	32.75	22.78	12.15	18.60	12.89	7.70	4.40	84.98	58.68

SINGLE PERSON WITH 1 CHILD
AGED 3

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
80.00	32.75	22.30	12.15	18.60	13.20	7.70	4.50	84.91	58.61
81.00	32.75	21.83	12.15	18.60	13.51	7.70	4.59	84.83	58.53
82.00	32.75	21.35	12.15	18.60	13.82	7.70	4.69	84.76	58.46
83.00	32.75	20.88	12.15	18.60	14.13	7.70	4.79	84.69	58.39
84.00	32.75	20.40	12.15	18.60	14.44	7.70	4.88	84.62	58.32
85.00	32.75	19.92	12.15	18.60	14.75	7.70	4.98	84.55	58.25
86.00	32.75	19.45	12.15	18.60	15.06	7.70	5.07	84.48	58.18
87.00	32.75	18.97	12.15	18.60	15.37	7.70	5.17	84.41	58.11
88.00	32.75	18.50	12.15	18.60	15.68	7.70	5.26	84.33	58.03
89.00	32.75	18.02	12.15	18.60	15.99	7.70	5.36	84.26	57.96
90.00	32.75	17.54	12.15	18.60	16.30	7.70	5.45	84.19	57.89
91.00	32.75	17.07	12.15	18.60	16.61	7.70	5.55	84.12	57.82
92.00	32.75	16.59	12.15	18.60	16.92	7.70	5.64	84.05	57.75
93.00	32.75	16.12	12.15	18.60	17.23	7.70	5.74	83.98	57.68
94.00	32.75	15.64	12.15	18.60	17.53	7.70	5.83	83.91	57.61
95.00	32.75	15.16	12.15	18.60	17.84	7.70	5.93	83.83	57.53
96.00	32.75	14.69	12.15	18.60	18.15	7.70	6.02	83.76	57.46
97.00	32.75	14.21	12.15	18.60	18.46	7.70	6.12	83.69	57.39
98.00	32.75	13.74	12.15	18.60	18.60	7.70	6.16	83.40	57.10
99.00	32.75	13.26	12.15	18.60	18.60	7.70	6.16	82.92	56.62
100.00	32.75	12.78	12.15	18.60	18.60	7.70	6.16	82.44	56.14
101.00	32.75	12.31	12.15	18.60	18.60	7.70	6.16	81.97	55.67
102.00	32.75	11.83	12.15	18.60	18.60	7.70	6.16	81.49	55.19
103.00	32.75	11.36	12.15	18.60	18.60	7.70	6.16	81.02	54.72

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 54.29 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

104.00	32.75	10.88	12.15	18.60	18.60	7.70	6.16	80.54	54.24
105.00	32.75	11.87	12.15	18.60	18.60	7.70	6.16	81.53	55.23
106.00	32.75	11.41	12.15	18.60	18.60	7.70	6.16	81.07	54.77
107.00	32.75	10.95	12.15	18.60	18.60	7.70	6.16	80.61	54.31
108.00	32.75	10.49	12.15	18.60	18.60	7.70	6.16	80.15	53.85
109.00	32.75	10.03	12.15	18.60	18.60	7.70	6.16	79.69	53.39
110.00	32.75	9.56	12.15	18.60	18.60	7.70	6.16	79.22	52.92
111.00	32.75	9.10	12.15	18.60	18.60	7.70	6.16	78.76	52.46
112.00	32.75	8.64	12.15	18.60	18.60	7.70	6.16	78.30	52.00
113.00	32.75	8.18	12.15	18.60	18.60	7.70	6.16	77.84	51.54
114.00	32.75	7.72	12.15	18.60	18.60	7.70	6.16	77.38	51.08
115.00	32.75	7.25	12.15	18.60	18.60	7.70	6.16	76.91	50.61
116.00	32.75	6.79	12.15	18.60	18.60	7.70	6.16	76.45	50.15
117.00	32.75	6.33	12.15	18.60	18.60	7.70	6.16	75.99	49.69

SINGLE PERSON WITH 1 CHILD
AGED 3

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
118.00	32.75	5.87	12.15	18.60	18.60	7.70	6.16	75.53	49.23
119.00	32.75	5.41	12.15	18.60	18.60	7.70	6.16	75.07	48.77
120.00	32.75	4.94	12.15	18.60	18.60	7.70	6.16	74.60	48.30
121.00	32.75	4.48	12.15	18.60	18.60	7.70	6.16	74.14	47.84
122.00	32.75	4.02	12.15	18.60	18.60	7.70	6.16	73.68	47.38
123.00	32.75	3.56	12.15	18.60	18.60	7.70	6.16	73.22	46.92
124.00	32.75	3.10	12.15	18.60	18.60	7.70	6.16	72.76	46.46
125.00	32.75	2.63	12.15	18.60	18.60	7.70	6.16	72.29	45.99
126.00	32.75	2.17	12.15	18.60	18.60	7.70	6.16	71.83	45.53
127.00	32.75	1.71	12.15	18.60	18.60	7.70	6.16	71.37	45.07
128.00	32.75	1.25	12.15	18.60	18.60	7.70	6.16	70.91	44.61
129.00	32.75	0.79	12.15	18.60	18.60	7.70	6.16	70.45	44.15
130.00	32.75	0.00	12.15	18.60	18.60	7.70	6.16	69.66	43.36

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 80

TOTAL NET INCOME ON INCOME SUPPORT = £ 95.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 67.49

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	32.75	44.20	19.40	19.90	2.55	8.20	1.22	100.12	72.02
55.00	32.75	43.64	19.40	19.90	2.91	8.20	1.33	100.03	71.93
56.00	32.75	42.98	19.40	19.90	3.34	8.20	1.47	99.93	71.83
57.00	32.75	42.31	19.40	19.90	3.77	8.20	1.60	99.83	71.73
58.00	32.75	41.65	19.40	19.90	4.21	8.20	1.73	99.73	71.63
59.00	32.75	40.98	19.40	19.90	4.64	8.20	1.86	99.63	71.53
60.00	32.75	40.32	19.40	19.90	5.07	8.20	2.00	99.53	71.43
61.00	32.75	39.65	19.40	19.90	5.50	8.20	2.13	99.43	71.33
62.00	32.75	38.99	19.40	19.90	5.93	8.20	2.26	99.33	71.23
63.00	32.75	38.32	19.40	19.90	6.37	8.20	2.40	99.23	71.13
64.00	32.75	37.66	19.40	19.90	6.00	8.20	2.53	99.13	71.03
65.00	32.75	36.99	19.40	19.90	7.23	8.20	2.66	99.03	70.93
66.00	32.75	36.33	19.40	19.90	7.66	8.20	2.80	98.93	70.83
67.00	32.75	35.66	19.40	19.90	8.10	8.20	2.93	98.83	70.73
68.00	32.75	35.00	19.40	19.90	8.53	8.20	3.06	98.73	70.63
69.00	32.75	34.33	19.40	19.90	8.96	8.20	3.19	98.63	70.53
70.00	32.75	34.65	19.40	19.90	8.76	8.20	3.13	98.68	70.58
71.00	32.75	33.99	19.40	19.90	9.18	8.20	3.26	98.58	70.48
72.00	32.75	33.34	19.40	19.90	9.60	8.20	3.39	98.49	70.39
73.00	32.75	32.69	19.40	19.90	10.03	8.20	3.52	98.39	70.29
74.00	32.75	32.04	19.40	19.90	10.45	8.20	3.65	98.29	70.19
75.00	32.75	31.39	19.40	19.90	10.87	8.20	3.78	98.19	70.09
76.00	32.75	30.74	19.40	19.90	11.29	8.20	3.91	98.10	70.00
77.00	32.75	30.09	19.40	19.90	11.72	8.20	4.04	98.00	69.90
78.00	32.75	29.44	19.40	19.90	12.14	8.20	4.17	97.90	69.80
79.00	32.75	28.83	19.40	19.90	12.54	8.20	4.29	97.81	69.71
80.00	32.75	28.35	19.40	19.90	12.85	8.20	4.39	97.74	69.64

SINGLE PERSON WITH 2 CHILDREN
AGED 4 & 6

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
81.00	32.75	27.88	19.40	19.90	13.15	8.20	4.48	97.67	69.57
82.00	32.75	27.40	19.40	19.90	13.46	8.20	4.58	97.60	69.50
83.00	32.75	26.93	19.40	19.90	13.77	8.20	4.68	97.52	69.42
84.00	32.75	26.45	19.40	19.90	14.08	8.20	4.77	97.45	69.35
85.00	32.75	25.97	19.40	19.90	14.39	8.20	4.87	97.38	69.28
86.00	32.75	25.50	19.40	19.90	14.70	8.20	4.96	97.31	69.21
87.00	32.75	25.02	19.40	19.90	15.01	8.20	5.06	97.24	69.14
88.00	32.75	24.55	19.40	19.90	15.32	8.20	5.15	97.17	69.07
89.00	32.75	24.07	19.40	19.90	15.63	8.20	5.25	97.10	69.00
90.00	32.75	23.59	19.40	19.90	15.94	8.20	5.34	97.02	68.92
91.00	32.75	23.12	19.40	19.90	16.25	8.20	5.44	96.95	68.85
92.00	32.75	22.64	19.40	19.90	16.56	8.20	5.53	96.88	68.78
93.00	32.75	22.17	19.40	19.90	16.87	8.20	5.63	96.81	68.71
94.00	32.75	21.69	19.40	19.90	17.18	8.20	5.72	96.74	68.64
95.00	32.75	21.21	19.40	19.90	17.49	8.20	5.82	96.67	68.57
96.00	32.75	20.74	19.40	19.90	17.80	8.20	5.91	96.60	68.50
97.00	32.75	20.26	19.40	19.90	18.11	8.20	6.01	96.52	68.42
98.00	32.75	19.79	19.40	19.90	18.41	8.20	6.10	96.45	68.35
99.00	32.75	19.31	19.40	19.90	18.72	8.20	6.20	96.38	68.28
100.00	32.75	18.83	19.40	19.90	19.03	8.20	6.29	96.31	68.21
101.00	32.75	18.36	19.40	19.90	19.34	8.20	6.39	96.24	68.14
102.00	32.75	17.88	19.40	19.90	19.65	8.20	6.48	96.17	68.07
103.00	32.75	17.41	19.40	19.90	19.90	8.20	6.56	96.02	67.92

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF \$ 67.49 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

104.00	32.75	16.93	19.40	19.90	19.90	8.20	6.56	95.54	67.44
105.00	32.75	17.92	19.40	19.90	19.63	8.20	6.48	96.17	68.07
106.00	32.75	17.46	19.40	19.90	19.90	8.20	6.56	96.07	67.97
107.00	32.75	17.00	19.40	19.90	19.90	8.20	6.56	95.61	67.51
108.00	32.75	16.54	19.40	19.90	19.90	8.20	6.56	95.15	67.05
109.00	32.75	16.08	19.40	19.90	19.90	8.20	6.56	94.69	66.59
110.00	32.75	15.61	19.40	19.90	19.90	8.20	6.56	94.22	66.12
111.00	32.75	15.15	19.40	19.90	19.90	8.20	6.56	93.76	65.66
112.00	32.75	14.69	19.40	19.90	19.90	8.20	6.56	93.30	65.20
113.00	32.75	14.23	19.40	19.90	19.90	8.20	6.56	92.84	64.74
114.00	32.75	13.77	19.40	19.90	19.90	8.20	6.56	92.38	64.28
115.00	32.75	13.30	19.40	19.90	19.90	8.20	6.56	91.91	63.81

SINGLE PERSON WITH 2 CHILDREN
AGED 4 & 6

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
120.00	32.75	10.99	19.40	19.90	19.90	8.20	6.56	89.60	61.50
121.00	32.75	10.53	19.40	19.90	19.90	8.20	6.56	89.14	61.04
122.00	32.75	10.07	19.40	19.90	19.90	8.20	6.56	88.68	60.58
123.00	32.75	9.61	19.40	19.90	19.90	8.20	6.56	88.22	60.12
124.00	32.75	9.15	19.40	19.90	19.90	8.20	6.56	87.76	59.66
125.00	32.75	8.68	19.40	19.90	19.90	8.20	6.56	87.29	59.19
126.00	32.75	8.22	19.40	19.90	19.90	8.20	6.56	86.83	58.73
127.00	32.75	7.76	19.40	19.90	19.90	8.20	6.56	86.37	58.27
128.00	32.75	7.30	19.40	19.90	19.90	8.20	6.56	85.91	57.81
129.00	32.75	6.84	19.40	19.90	19.90	8.20	6.56	85.45	57.35
130.00	32.75	6.37	19.40	19.90	19.90	8.20	6.56	84.98	56.88
131.00	32.75	5.91	19.40	19.90	19.90	8.20	6.56	84.52	56.42
132.00	32.75	5.45	19.40	19.90	19.90	8.20	6.56	84.06	55.96
133.00	32.75	4.99	19.40	19.90	19.90	8.20	6.56	83.60	55.50
134.00	32.75	4.53	19.40	19.90	19.90	8.20	6.56	83.14	55.04
135.00	32.75	4.06	19.40	19.90	19.90	8.20	6.56	82.67	54.57
136.00	32.75	3.60	19.40	19.90	19.90	8.20	6.56	82.21	54.11
137.00	32.75	3.14	19.40	19.90	19.90	8.20	6.56	81.75	53.65
138.00	32.75	2.68	19.40	19.90	19.90	8.20	6.56	81.29	53.19
139.00	32.75	2.22	19.40	19.90	19.90	8.20	6.56	80.83	52.73
140.00	32.75	1.75	19.40	19.90	19.90	8.20	6.56	80.36	52.26
141.00	32.75	1.29	19.40	19.90	19.90	8.20	6.56	79.90	51.80
142.00	32.75	0.83	19.40	19.90	19.90	8.20	6.56	79.44	51.34
143.00	32.75	0.00	19.40	19.90	19.90	8.20	6.56	78.61	50.51

DHSS SR3A

EARNINGS AND BENEFITS

TABLE 11

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 73.57

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 50.07

TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
52.95	0.00	0.00	16.60	15.63	6.90	5.22	73.80	50.30

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 94.94

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 68.64

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	52.95	38.15	7.25	18.60	0.00	7.70	0.00	98.35	72.05
55.00	52.95	37.59	7.25	18.60	0.00	7.70	0.00	97.79	71.49
56.00	52.95	36.93	7.25	18.60	0.00	7.70	0.00	97.13	70.83
57.00	52.95	36.26	7.25	18.60	0.00	7.70	0.54	97.00	70.70
58.00	52.95	35.60	7.25	18.60	0.76	7.70	0.67	97.23	70.93
59.00	52.95	34.93	7.25	18.60	1.19	7.70	0.80	97.13	70.83
60.00	52.95	34.27	7.25	18.60	1.63	7.70	0.94	97.03	70.73
61.00	52.95	33.60	7.25	18.60	2.06	7.70	1.07	96.93	70.63
62.00	52.95	32.94	7.25	18.60	2.49	7.70	1.20	96.83	70.53
63.00	52.95	32.27	7.25	18.60	2.92	7.70	1.34	96.73	70.43
64.00	52.95	31.61	7.25	18.60	3.35	7.70	1.47	96.63	70.33
65.00	52.95	30.94	7.25	18.60	3.79	7.70	1.60	96.53	70.23
66.00	52.95	30.28	7.25	18.60	4.22	7.70	1.74	96.43	70.13
67.00	52.95	29.61	7.25	18.60	4.65	7.70	1.87	96.33	70.03
68.00	52.95	28.95	7.25	18.60	5.08	7.70	2.00	96.23	69.93
69.00	52.95	28.28	7.25	18.60	5.52	7.70	2.13	96.13	69.83
70.00	52.95	28.60	7.25	18.60	5.31	7.70	2.07	96.18	69.88
71.00	52.95	27.94	7.25	18.60	5.73	7.70	2.20	96.00	69.70
72.00	52.95	27.29	7.25	18.60	6.16	7.70	2.33	95.98	69.68
73.00	52.95	26.64	7.25	18.60	6.58	7.70	2.46	95.88	69.58
74.00	52.95	25.99	7.25	18.60	7.00	7.70	2.59	95.79	69.49
75.00	52.95	25.34	7.25	18.60	7.43	7.70	2.72	95.69	69.39
76.00	52.95	24.69	7.25	18.60	7.85	7.70	2.85	95.59	69.29
77.00	52.95	24.04	7.25	18.60	8.27	7.70	2.98	95.49	69.19
78.00	52.95	23.39	7.25	18.60	8.70	7.70	3.11	95.40	69.10
79.00	52.95	22.78	7.25	18.60	9.09	7.70	3.23	95.30	69.00
80.00	52.95	22.30	7.25	18.60	9.40	7.70	3.33	95.23	68.93
81.00	52.95	21.83	7.25	18.60	9.71	7.70	3.42	95.16	68.86

MARRIED COUPLE WITH 1 CHILD
AGED 3

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
82.00	52.95	21.35	7.25	18.60	10.02	7.70	3.52	95.09	68.79
83.00	52.95	20.88	7.25	18.60	10.33	7.70	3.62	95.02	68.72
84.00	52.95	20.40	7.25	18.60	10.64	7.70	3.71	94.95	68.65

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 68.64 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

85.00	52.95	19.92	7.25	18.60	10.95	7.70	3.81	94.88	68.58
86.00	52.95	19.45	7.25	18.60	11.26	7.70	3.90	94.80	68.50
87.00	52.95	18.97	7.25	18.60	11.57	7.70	4.00	94.73	68.43
88.00	52.95	18.50	7.25	18.60	11.88	7.70	4.09	94.66	68.36
89.00	52.95	18.02	7.25	18.60	12.19	7.70	4.19	94.59	68.29
90.00	52.95	17.54	7.25	18.60	12.49	7.70	4.28	94.52	68.22
91.00	52.95	17.07	7.25	18.60	12.80	7.70	4.38	94.45	68.15
92.00	52.95	16.59	7.25	18.60	13.11	7.70	4.47	94.38	68.08
93.00	52.95	16.12	7.25	18.60	13.42	7.70	4.57	94.30	68.00
94.00	52.95	15.64	7.25	18.60	13.73	7.70	4.66	94.23	67.93
95.00	52.95	15.16	7.25	18.60	14.04	7.70	4.76	94.16	67.86
96.00	52.95	14.69	7.25	18.60	14.35	7.70	4.85	94.09	67.79
97.00	52.95	14.21	7.25	18.60	14.66	7.70	4.95	94.02	67.72
98.00	52.95	13.74	7.25	18.60	14.97	7.70	5.04	93.95	67.65
99.00	52.95	13.26	7.25	18.60	15.28	7.70	5.14	93.88	67.58
100.00	52.95	12.78	7.25	18.60	15.59	7.70	5.23	93.80	67.50
101.00	52.95	12.31	7.25	18.60	15.90	7.70	5.33	93.73	67.43
102.00	52.95	11.83	7.25	18.60	16.21	7.70	5.42	93.66	67.36
103.00	52.95	11.36	7.25	18.60	16.52	7.70	5.52	93.59	67.29
104.00	52.95	10.88	7.25	18.60	16.83	7.70	5.61	93.52	67.22
105.00	52.95	11.87	7.25	18.60	16.18	7.70	5.42	93.67	67.37
106.00	52.95	11.41	7.25	18.60	16.48	7.70	5.51	93.60	67.30
107.00	52.95	10.95	7.25	18.60	16.78	7.70	5.60	93.53	67.23
108.00	52.95	10.49	7.25	18.60	17.08	7.70	5.69	93.46	67.16
109.00	52.95	10.03	7.25	18.60	17.38	7.70	5.79	93.39	67.09
110.00	52.95	9.56	7.25	18.60	17.68	7.70	5.88	93.32	67.02
111.00	52.95	9.10	7.25	18.60	17.98	7.70	5.97	93.25	66.95
112.00	52.95	8.64	7.25	18.60	18.28	7.70	6.06	93.18	66.88
113.00	52.95	8.18	7.25	18.60	18.58	7.70	6.15	93.11	66.81
114.00	52.95	7.72	7.25	18.60	18.60	7.70	6.16	92.68	66.38
115.00	52.95	7.25	7.25	18.60	18.60	7.70	6.16	92.21	65.91
116.00	52.95	6.79	7.25	18.60	18.60	7.70	6.16	91.75	65.45

MARRIED COUPLE WITH 1 CHILD
AGED 3

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
117.00	52.95	6.33	7.25	18.60	18.60	7.70	6.16	91.29	64.99
118.00	52.95	5.87	7.25	18.60	18.60	7.70	6.16	90.83	64.53
119.00	52.95	5.41	7.25	18.60	18.60	7.70	6.16	90.37	64.07
120.00	52.95	4.94	7.25	18.60	18.60	7.70	6.16	89.90	63.60
121.00	52.95	4.48	7.25	18.60	18.60	7.70	6.16	89.44	63.14
122.00	52.95	4.02	7.25	18.60	18.60	7.70	6.16	88.98	62.68
123.00	52.95	3.56	7.25	18.60	18.60	7.70	6.16	88.52	62.22
124.00	52.95	3.10	7.25	18.60	18.60	7.70	6.16	88.06	61.76
125.00	52.95	2.63	7.25	18.60	18.60	7.70	6.16	87.59	61.29
126.00	52.95	2.17	7.25	18.60	18.60	7.70	6.16	87.13	60.83
127.00	52.95	1.71	7.25	18.60	18.60	7.70	6.16	86.67	60.37
128.00	52.95	1.25	7.25	18.60	18.60	7.70	6.16	86.21	59.91
129.00	52.95	0.79	7.25	18.60	18.60	7.70	6.16	85.75	59.45
130.00	52.95	0.00	7.25	18.60	18.60	7.70	6.16	84.96	58.66

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 101.01

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 74.71

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	52.95	43.50	7.25	18.60	0.00	7.70	0.00	103.70	77.40
55.00	52.95	42.94	7.25	18.60	0.00	7.70	0.00	103.14	76.84
56.00	52.95	42.28	7.25	18.60	0.00	7.70	0.00	102.48	76.18
57.00	52.95	41.61	7.25	18.60	0.00	7.70	0.54	102.35	76.05
58.00	52.95	40.95	7.25	18.60	0.76	7.70	0.67	102.58	76.28
59.00	52.95	40.28	7.25	18.60	1.19	7.70	0.80	102.48	76.18
60.00	52.95	39.62	7.25	18.60	1.63	7.70	0.94	102.38	76.08
61.00	52.95	38.95	7.25	18.60	2.06	7.70	1.07	102.28	75.98
62.00	52.95	38.29	7.25	18.60	2.49	7.70	1.20	102.18	75.88
63.00	52.95	37.62	7.25	18.60	2.92	7.70	1.34	102.08	75.78
64.00	52.95	36.96	7.25	18.60	3.35	7.70	1.47	101.98	75.68
65.00	52.95	36.29	7.25	18.60	3.79	7.70	1.60	101.88	75.58
66.00	52.95	35.63	7.25	18.60	4.22	7.70	1.74	101.78	75.48
67.00	52.95	34.96	7.25	18.60	4.65	7.70	1.87	101.68	75.38
68.00	52.95	34.30	7.25	18.60	5.08	7.70	2.00	101.58	75.28
69.00	52.95	33.63	7.25	18.60	5.52	7.70	2.13	101.48	75.18
70.00	52.95	33.95	7.25	18.60	5.31	7.70	2.07	101.53	75.23
71.00	52.95	33.29	7.25	18.60	5.73	7.70	2.20	101.43	75.13
72.00	52.95	32.64	7.25	18.60	6.16	7.70	2.33	101.33	75.03
73.00	52.95	31.99	7.25	18.60	6.58	7.70	2.46	101.23	74.93
74.00	52.95	31.34	7.25	18.60	7.00	7.70	2.59	101.14	74.84
75.00	52.95	30.69	7.25	18.60	7.43	7.70	2.72	101.04	74.74

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 74.71 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

76.00	52.95	30.04	7.25	18.60	7.85	7.70	2.85	100.94	74.64
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MARRIED COUPLE WITH 1 CHILD
AGED 14

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
77.00	52.95	29.39	7.25	18.60	8.27	7.70	2.98	100.84	74.54
78.00	52.95	28.74	7.25	18.60	8.70	7.70	3.11	100.75	74.45
79.00	52.95	28.13	7.25	18.60	9.09	7.70	3.23	100.65	74.35
82.00	52.95	26.70	7.25	18.60	10.02	7.70	3.52	100.44	74.14
83.00	52.95	26.23	7.25	18.60	10.33	7.70	3.62	100.37	74.07
84.00	52.95	25.75	7.25	18.60	10.64	7.70	3.71	100.30	74.00
85.00	52.95	25.27	7.25	18.60	10.95	7.70	3.81	100.23	73.93
86.00	52.95	24.80	7.25	18.60	11.26	7.70	3.90	100.15	73.85
87.00	52.95	24.32	7.25	18.60	11.57	7.70	4.00	100.08	73.78
88.00	52.95	23.85	7.25	18.60	11.88	7.70	4.09	100.01	73.71
89.00	52.95	23.37	7.25	18.60	12.19	7.70	4.19	99.94	73.64
90.00	52.95	22.89	7.25	18.60	12.49	7.70	4.28	99.87	73.57
91.00	52.95	22.42	7.25	18.60	12.80	7.70	4.38	99.80	73.50
92.00	52.95	21.94	7.25	18.60	13.11	7.70	4.47	99.73	73.43
93.00	52.95	21.47	7.25	18.60	13.42	7.70	4.57	99.65	73.35
94.00	52.95	20.99	7.25	18.60	13.73	7.70	4.66	99.58	73.28
95.00	52.95	20.51	7.25	18.60	14.04	7.70	4.76	99.51	73.21
96.00	52.95	20.04	7.25	18.60	14.35	7.70	4.85	99.44	73.14
97.00	52.95	19.56	7.25	18.60	14.66	7.70	4.95	99.37	73.07
98.00	52.95	19.09	7.25	18.60	14.97	7.70	5.04	99.30	73.00
99.00	52.95	18.61	7.25	18.60	15.28	7.70	5.14	99.23	72.93
100.00	52.95	18.13	7.25	18.60	15.59	7.70	5.23	99.15	72.85
101.00	52.95	17.66	7.25	18.60	15.90	7.70	5.33	99.08	72.78
102.00	52.95	17.18	7.25	18.60	16.21	7.70	5.42	99.01	72.71
103.00	52.95	16.71	7.25	18.60	16.52	7.70	5.52	98.94	72.64
104.00	52.95	16.23	7.25	18.60	16.83	7.70	5.61	98.87	72.57
105.00	52.95	15.76	7.25	18.60	17.14	7.70	5.71	98.80	72.50
106.00	52.95	15.28	7.25	18.60	17.45	7.70	5.80	98.73	72.43
107.00	52.95	14.80	7.25	18.60	17.76	7.70	5.90	98.66	72.36
108.00	52.95	14.32	7.25	18.60	18.07	7.70	6.00	98.59	72.29
109.00	52.95	13.84	7.25	18.60	18.38	7.70	6.10	98.52	72.22
110.00	52.95	13.36	7.25	18.60	18.69	7.70	6.20	98.45	72.15
111.00	52.95	12.88	7.25	18.60	19.00	7.70	6.30	98.38	72.08
112.00	52.95	12.40	7.25	18.60	19.31	7.70	6.40	98.31	72.01
113.00	52.95	11.92	7.25	18.60	19.62	7.70	6.50	98.24	71.94
114.00	52.95	11.44	7.25	18.60	19.93	7.70	6.60	98.17	71.87
115.00	52.95	10.96	7.25	18.60	20.24	7.70	6.70	98.10	71.80
116.00	52.95	10.48	7.25	18.60	20.55	7.70	6.80	98.03	71.73
117.00	52.95	10.00	7.25	18.60	20.86	7.70	6.90	97.96	71.66
118.00	52.95	9.52	7.25	18.60	21.17	7.70	7.00	97.89	71.59

HARRIED COUPLE WITH 1 CHILD
AGED 14

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
119.00	52.95	10.76	7.25	18.60	18.60	7.70	6.16	95.72	69.42
120.00	52.95	10.29	7.25	18.60	18.60	7.70	6.16	95.25	68.95
121.00	52.95	9.83	7.25	18.60	18.60	7.70	6.16	94.79	68.49
122.00	52.95	9.37	7.25	18.60	18.60	7.70	6.16	94.33	68.03
123.00	52.95	8.91	7.25	18.60	18.60	7.70	6.16	93.87	67.57
124.00	52.95	8.45	7.25	18.60	18.60	7.70	6.16	93.41	67.11
125.00	52.95	7.98	7.25	18.60	18.60	7.70	6.16	92.94	66.64
126.00	52.95	7.52	7.25	18.60	18.60	7.70	6.16	92.48	66.18
127.00	52.95	7.06	7.25	18.60	18.60	7.70	6.16	92.02	65.72
128.00	52.95	6.60	7.25	18.60	18.60	7.70	6.16	91.56	65.26
129.00	52.95	6.14	7.25	18.60	18.60	7.70	6.16	91.10	64.80
130.00	52.95	5.67	7.25	18.60	18.60	7.70	6.16	90.63	64.33
131.00	52.95	5.21	7.25	18.60	18.60	7.70	6.16	90.17	63.87
132.00	52.95	4.75	7.25	18.60	18.60	7.70	6.16	89.71	63.41
133.00	52.95	4.29	7.25	10.60	10.60	7.70	6.16	89.25	62.95
134.00	52.95	3.83	7.25	18.60	18.60	7.70	6.16	88.79	62.49
135.00	52.95	3.36	7.25	18.60	18.60	7.70	6.16	88.32	62.02
136.00	52.95	2.90	7.25	18.60	18.60	7.70	6.16	87.86	61.56
137.00	52.95	2.44	7.25	18.60	18.60	7.70	6.16	87.40	61.10
138.00	52.95	1.98	7.25	18.60	18.60	7.70	6.16	86.94	60.64
139.00	52.95	1.52	7.25	18.60	18.60	7.70	6.16	86.48	60.18
140.00	52.95	1.05	7.25	18.60	18.60	7.70	6.16	86.01	59.71
141.00	52.95	0.59	7.25	18.60	18.60	7.70	6.16	85.55	59.25
142.00	52.95	0.00	7.25	18.60	18.60	7.70	6.16	84.96	58.66

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 109.94

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 81.84

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	52.95	44.20	14.50	19.90	0.00	8.20	0.00	111.65	83.55
55.00	52.95	43.64	14.50	19.90	0.00	8.20	0.00	111.09	82.99
56.00	52.95	42.98	14.50	19.90	0.00	8.20	0.00	110.43	82.33

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 81.84 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

57.00	52.95	42.31	14.50	19.90	0.00	8.20	0.00	109.76	81.66
58.00	52.95	41.65	14.50	19.90	0.00	8.20	0.56	109.66	81.56
59.00	52.95	40.98	14.50	19.90	0.84	8.20	0.69	109.96	81.86
60.00	52.95	40.32	14.50	19.90	1.27	8.20	0.83	109.86	81.76
61.00	52.95	39.65	14.50	19.90	1.70	8.20	0.96	109.76	81.66
62.00	52.95	38.99	14.50	19.90	2.13	8.20	1.09	109.66	81.56
63.00	52.95	38.32	14.50	19.90	2.56	8.20	1.23	109.56	81.46
64.00	52.95	37.66	14.50	19.90	3.00	8.20	1.36	109.46	81.36
65.00	52.95	36.99	14.50	19.90	3.43	8.20	1.49	109.36	81.26
66.00	52.95	36.33	14.50	19.90	3.86	8.20	1.63	109.26	81.16
67.00	52.95	35.66	14.50	19.90	4.29	8.20	1.76	109.16	81.06
68.00	52.95	35.00	14.50	19.90	4.73	8.20	1.89	109.06	80.96
69.00	52.95	34.33	14.50	19.90	5.16	8.20	2.02	108.96	80.86
70.00	52.95	34.65	14.50	19.90	4.95	8.20	1.96	109.01	80.91
71.00	52.95	33.99	14.50	19.90	5.38	8.20	2.09	108.91	80.81
72.00	52.95	33.34	14.50	19.90	5.80	8.20	2.22	108.81	80.71
73.00	52.95	32.69	14.50	19.90	6.22	8.20	2.35	108.72	80.62
74.00	52.95	32.04	14.50	19.90	6.65	8.20	2.48	108.62	80.52
75.00	52.95	31.39	14.50	19.90	7.07	8.20	2.61	108.52	80.42
76.00	52.95	30.74	14.50	19.90	7.49	8.20	2.74	108.42	80.32

MARRIED COUPLE WITH 2 CHILDREN
AGED 4 & 6

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
77.00	52.95	30.09	14.50	19.90	7.92	8.20	2.87	108.33	80.23
78.00	52.95	29.44	14.50	19.90	8.34	8.20	3.00	108.23	80.13
79.00	52.95	28.83	14.50	19.90	8.73	8.20	3.12	108.14	80.04
80.00	52.95	28.35	14.50	19.90	9.04	8.20	3.22	108.07	79.97
81.00	52.95	27.88	14.50	19.90	9.35	8.20	3.31	107.99	79.89
82.00	52.95	27.40	14.50	19.90	9.66	8.20	3.41	107.92	79.82
83.00	52.95	26.93	14.50	19.90	9.97	8.20	3.51	107.85	79.75
84.00	52.95	26.45	14.50	19.90	10.28	8.20	3.60	107.70	79.68
85.00	52.95	25.97	14.50	19.90	10.59	8.20	3.70	107.71	79.61
86.00	52.95	25.50	14.50	19.90	10.90	8.20	3.79	107.64	79.54
87.00	52.95	25.02	14.50	19.90	11.21	8.20	3.89	107.57	79.47
88.00	52.95	24.55	14.50	19.90	11.52	8.20	3.98	107.49	79.39
89.00	52.95	24.07	14.50	19.90	11.83	8.20	4.08	107.42	79.32
90.00	52.95	23.59	14.50	19.90	12.14	8.20	4.17	107.35	79.25
91.00	52.95	23.12	14.50	19.90	12.45	8.20	4.27	107.28	79.18
92.00	52.95	22.64	14.50	19.90	12.76	8.20	4.36	107.21	79.11
93.00	52.95	22.17	14.50	19.90	13.07	8.20	4.46	107.14	79.04
94.00	52.95	21.69	14.50	19.90	13.37	8.20	4.55	107.07	78.97
95.00	52.95	21.21	14.50	19.90	13.68	8.20	4.65	106.99	78.89
96.00	52.95	20.74	14.50	19.90	13.99	8.20	4.74	106.92	78.82
97.00	52.95	20.26	14.50	19.90	14.30	8.20	4.84	106.85	78.75
98.00	52.95	19.79	14.50	19.90	14.61	8.20	4.93	106.78	78.68
99.00	52.95	19.31	14.50	19.90	14.92	8.20	5.03	106.71	78.61
100.00	52.95	18.83	14.50	19.90	15.23	8.20	5.12	106.64	78.54
101.00	52.95	18.36	14.50	19.90	15.54	8.20	5.22	106.57	78.47
102.00	52.95	17.88	14.50	19.90	15.85	8.20	5.31	106.49	78.39
103.00	52.95	17.41	14.50	19.90	16.16	8.20	5.41	106.42	78.32
104.00	52.95	16.93	14.50	19.90	16.47	8.20	5.50	106.35	78.25
105.00	52.95	17.92	14.50	19.90	15.82	8.20	5.31	106.50	78.40
106.00	52.95	17.46	14.50	19.90	16.12	8.20	5.40	106.43	78.33
107.00	52.95	17.00	14.50	19.90	16.42	8.20	5.49	106.36	78.26
108.00	52.95	16.54	14.50	19.90	16.72	8.20	5.58	106.29	78.19
109.00	52.95	16.08	14.50	19.90	17.02	8.20	5.68	106.22	78.12
110.00	52.95	15.61	14.50	19.90	17.32	8.20	5.77	106.15	78.05
111.00	52.95	15.15	14.50	19.90	17.62	8.20	5.86	106.09	77.99
112.00	52.95	14.69	14.50	19.90	17.92	8.20	5.95	106.02	77.92
113.00	52.95	14.23	14.50	19.90	18.22	8.20	6.04	105.95	77.85
114.00	52.95	13.77	14.50	19.90	18.53	8.20	6.14	105.88	77.78
115.00	52.95	13.30	14.50	19.90	18.83	8.20	6.23	105.81	77.71
116.00	52.95	12.84	14.50	19.90	19.13	8.20	6.32	105.74	77.64

MARRIED COUPLE WITH 2 CHILDREN
AGED 4 & 6

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
117.00	52.95	12.38	14.50	19.90	19.43	8.20	6.41	105.67	77.57
118.00	52.95	11.92	14.50	19.90	19.73	8.20	6.51	105.60	77.50
119.00	52.95	11.46	14.50	19.90	19.90	8.20	6.56	105.37	77.27
120.00	52.95	10.99	14.50	19.90	19.90	8.20	6.56	104.90	76.80
121.00	52.95	10.53	14.50	19.90	19.90	8.20	6.56	104.44	76.34
122.00	52.95	10.07	14.50	19.90	19.90	8.20	6.56	103.98	75.88
123.00	52.95	9.61	14.50	19.90	19.90	8.20	6.56	103.52	75.42
124.00	52.95	9.15	14.50	19.90	19.90	8.20	6.56	103.06	74.96
125.00	52.95	8.68	14.50	19.90	19.90	8.20	6.56	102.59	74.49
126.00	52.95	8.22	14.50	19.90	19.90	8.20	6.56	102.13	74.03
127.00	52.95	7.76	14.50	19.90	19.90	8.20	6.56	101.67	73.57
128.00	52.95	7.30	14.50	19.90	19.90	8.20	6.56	101.21	73.11
129.00	52.95	6.84	14.50	19.90	19.90	8.20	6.56	100.75	72.65
130.00	52.95	6.37	14.50	19.90	19.90	8.20	6.56	100.28	72.18
131.00	52.95	5.91	14.50	19.90	19.90	8.20	6.56	99.82	71.72
132.00	52.95	5.45	14.50	19.90	19.90	8.20	6.56	99.36	71.26
133.00	52.95	4.99	14.50	19.90	19.90	8.20	6.56	98.90	70.80
134.00	52.95	4.53	14.50	19.90	19.90	8.20	6.56	98.44	70.34
135.00	52.95	4.06	14.50	19.90	19.90	8.20	6.56	97.97	69.87
136.00	52.95	3.60	14.50	19.90	19.90	8.20	6.56	97.51	69.41
137.00	52.95	3.14	14.50	19.90	19.90	8.20	6.56	97.05	68.95
138.00	52.95	2.68	14.50	19.90	19.90	8.20	6.56	96.59	68.49
139.00	52.95	2.22	14.50	19.90	19.90	8.20	6.56	96.13	68.03
140.00	52.95	1.75	14.50	19.90	19.90	8.20	6.56	95.66	67.56
141.00	52.95	1.29	14.50	19.90	19.90	8.20	6.56	95.20	67.10
142.00	52.95	0.83	14.50	19.90	19.90	8.20	6.56	94.74	66.64
143.00	52.95	0.00	14.50	19.90	19.90	8.20	6.56	93.91	65.81

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 124.66

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 96.56

FORMER EARNINGS	TOTAL GROSS EARNINGS	UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
	54.00	52.95	58.20	14.50	19.90	0.00	8.20	0.00	125.65	97.55
	55.00	52.95	57.64	14.50	19.90	0.00	8.20	0.00	125.09	96.99

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 96.56 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

56.00	52.95	56.98	14.50	19.90	0.00	8.20	0.00	124.43	96.33
57.00	52.95	56.31	14.50	19.90	0.00	8.20	0.00	123.76	95.66
58.00	52.95	55.65	14.50	19.90	0.00	8.20	0.56	123.66	95.56
59.00	52.95	54.98	14.50	19.90	0.84	8.20	0.69	123.96	95.86
60.00	52.95	54.32	14.50	19.90	1.27	8.20	0.83	123.86	95.76
61.00	52.95	53.65	14.50	19.90	1.70	8.20	0.96	123.76	95.66
62.00	52.95	52.99	14.50	19.90	2.13	8.20	1.09	123.66	95.56
63.00	52.95	52.32	14.50	19.90	2.56	8.20	1.23	123.56	95.46
64.00	52.95	51.66	14.50	19.90	3.00	8.20	1.36	123.46	95.36
65.00	52.95	50.99	14.50	19.90	3.43	8.20	1.49	123.36	95.26
66.00	52.95	50.33	14.50	19.90	3.86	8.20	1.63	123.26	95.16
67.00	52.95	49.66	14.50	19.90	4.29	8.20	1.76	123.16	95.06
68.00	52.95	49.00	14.50	19.90	4.73	8.20	1.89	123.06	94.96
69.00	52.95	48.33	14.50	19.90	5.16	8.20	2.02	122.96	94.86
70.00	52.95	48.65	14.50	19.90	4.95	8.20	1.96	123.01	94.91
71.00	52.95	47.99	14.50	19.90	5.38	8.20	2.09	122.91	94.81
72.00	52.95	47.34	14.50	19.90	5.80	8.20	2.22	122.81	94.71
73.00	52.95	46.69	14.50	19.90	6.22	8.20	2.35	122.72	94.62
74.00	52.95	46.04	14.50	19.90	6.65	8.20	2.48	122.62	94.52
75.00	52.95	45.39	14.50	19.90	7.07	8.20	2.61	122.52	94.42
76.00	52.95	44.74	14.50	19.90	7.49	8.20	2.74	122.42	94.32

HARRIED COUPLE WITH 2 CHILDREN
AGED 13 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
77.00	52.95	44.09	14.50	19.90	7.92	8.20	2.87	122.33	94.23
78.00	52.95	43.44	14.50	19.90	8.34	8.20	3.00	122.23	94.13
79.00	52.95	42.83	14.50	19.90	8.73	8.20	3.12	122.14	94.04
80.00	52.95	42.35	14.50	19.90	9.04	8.20	3.22	122.06	93.96
81.00	52.95	41.88	14.50	19.90	9.35	8.20	3.31	121.99	93.89
82.00	52.95	41.40	14.50	19.90	9.66	8.20	3.41	121.92	93.82
83.00	52.95	40.93	14.50	19.90	9.97	8.20	3.51	121.85	93.75
84.00	52.95	40.45	14.50	19.90	10.28	8.20	3.60	121.78	93.68
85.00	52.95	39.97	14.50	19.90	10.59	8.20	3.70	121.71	93.61
86.00	52.95	39.50	14.50	19.90	10.90	8.20	3.79	121.64	93.54
87.00	52.95	39.02	14.50	19.90	11.21	8.20	3.89	121.56	93.46
88.00	52.95	38.55	14.50	19.90	11.52	8.20	3.98	121.49	93.39
89.00	52.95	38.07	14.50	19.90	11.83	8.20	4.08	121.42	93.32
90.00	52.95	37.59	14.50	19.90	12.14	8.20	4.17	121.35	93.25
91.00	52.95	37.12	14.50	19.90	12.45	8.20	4.27	121.28	93.18
92.00	52.95	36.64	14.50	19.90	12.76	8.20	4.36	121.21	93.11
93.00	52.95	36.17	14.50	19.90	13.07	8.20	4.46	121.14	93.04
94.00	52.95	35.69	14.50	19.90	13.37	8.20	4.55	121.06	92.96
95.00	52.95	35.21	14.50	19.90	13.68	8.20	4.65	120.99	92.89
96.00	52.95	34.74	14.50	19.90	13.99	8.20	4.74	120.92	92.82
97.00	52.95	34.26	14.50	19.90	14.30	8.20	4.84	120.85	92.75
98.00	52.95	33.79	14.50	19.90	14.61	8.20	4.93	120.78	92.68
99.00	52.95	33.31	14.50	19.90	14.92	8.20	5.03	120.71	92.61
100.00	52.95	32.83	14.50	19.90	15.23	8.20	5.12	120.64	92.54
101.00	52.95	32.36	14.50	19.90	15.54	8.20	5.22	120.57	92.47
102.00	52.95	31.88	14.50	19.90	15.85	8.20	5.31	120.49	92.39
103.00	52.95	31.41	14.50	19.90	16.16	8.20	5.41	120.42	92.32
104.00	52.95	30.93	14.50	19.90	16.47	8.20	5.50	120.35	92.25
105.00	52.95	31.92	14.50	19.90	15.82	8.20	5.31	120.50	92.40
106.00	52.95	31.46	14.50	19.90	16.12	8.20	5.40	120.43	92.33
107.00	52.95	31.00	14.50	19.90	16.42	8.20	5.49	120.36	92.26
108.00	52.95	30.54	14.50	19.90	16.72	8.20	5.58	120.29	92.19
109.00	52.95	30.08	14.50	19.90	17.02	8.20	5.68	120.22	92.12
110.00	52.95	29.61	14.50	19.90	17.32	8.20	5.77	120.15	92.05
111.00	52.95	29.15	14.50	19.90	17.62	8.20	5.86	120.09	91.99
112.00	52.95	28.69	14.50	19.90	17.92	8.20	5.95	120.02	91.92
113.00	52.95	28.23	14.50	19.90	18.22	8.20	6.04	119.95	91.85
114.00	52.95	27.77	14.50	19.90	18.53	8.20	6.14	119.88	91.78
115.00	52.95	27.30	14.50	19.90	18.83	8.20	6.23	119.81	91.71
116.00	52.95	26.84	14.50	19.90	19.13	8.20	6.32	119.74	91.64

MARRIED COUPLE WITH 2 CHILDREN
AGED 13 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
117.00	52.95	26.38	14.50	19.90	19.43	8.20	6.41	119.67	91.57
118.00	52.95	25.92	14.50	19.90	19.73	8.20	6.51	119.60	91.50
119.00	52.95	25.46	14.50	19.90	19.90	8.20	6.56	119.37	91.27
120.00	52.95	24.99	14.50	19.90	19.90	8.20	6.56	118.90	90.80
121.00	52.95	24.53	14.50	19.90	19.90	8.20	6.56	118.44	90.34
122.00	52.95	24.07	14.50	19.90	19.90	8.20	6.56	117.98	89.88
123.00	52.95	23.61	14.50	19.90	19.90	8.20	6.56	117.52	89.42
124.00	52.95	23.15	14.50	19.90	19.90	8.20	6.56	117.06	88.96
125.00	52.95	22.68	14.50	19.90	19.90	8.20	6.56	116.59	88.49
126.00	52.95	22.22	14.50	19.90	19.90	8.20	6.56	116.13	88.03
127.00	52.95	21.76	14.50	19.90	19.90	8.20	6.56	115.67	87.57
128.00	52.95	21.30	14.50	19.90	19.90	8.20	6.56	115.21	87.11
129.00	52.95	20.84	14.50	19.90	19.90	8.20	6.56	114.74	86.64
130.00	52.95	20.37	14.50	19.90	19.90	8.20	6.56	114.28	86.18
131.00	52.95	19.91	14.50	19.90	19.90	8.20	6.56	113.82	85.72
132.00	52.95	19.45	14.50	19.90	19.90	8.20	6.56	113.36	85.26
133.00	52.95	18.99	14.50	19.90	19.90	8.20	6.56	112.90	84.80
134.00	52.95	18.53	14.50	19.90	19.90	8.20	6.56	112.44	84.34
135.00	52.95	18.06	14.50	19.90	19.90	8.20	6.56	111.97	83.87
136.00	52.95	17.60	14.50	19.90	19.90	8.20	6.56	111.51	83.41
137.00	52.95	17.14	14.50	19.90	19.90	8.20	6.56	111.05	82.95
138.00	52.95	16.68	14.50	19.90	19.90	8.20	6.56	110.59	82.49
139.00	52.95	16.22	14.50	19.90	19.90	8.20	6.56	110.13	82.03
140.00	52.95	15.75	14.50	19.90	19.90	8.20	6.56	109.66	81.56
141.00	52.95	15.29	14.50	19.90	19.90	8.20	6.56	109.20	81.10
142.00	52.95	14.83	14.50	19.90	19.90	8.20	6.56	108.74	80.64
143.00	52.95	14.37	14.50	19.90	19.90	8.20	6.56	108.28	80.18
144.00	52.95	13.91	14.50	19.90	19.90	8.20	6.56	107.82	79.72
145.00	52.95	13.44	14.50	19.90	19.90	8.20	6.56	107.35	79.25
146.00	52.95	12.98	14.50	19.90	19.90	8.20	6.56	106.89	78.79
147.00	52.95	12.52	14.50	19.90	19.90	8.20	6.56	106.43	78.33
148.00	52.95	12.06	14.50	19.90	19.90	8.20	6.56	105.97	77.87
149.00	52.95	11.60	14.50	19.90	19.90	8.20	6.56	105.51	77.41
150.00	52.95	11.13	14.50	19.90	19.90	8.20	6.56	105.04	76.94
151.00	52.95	10.67	14.50	19.90	19.90	8.20	6.56	104.58	76.48
152.00	52.95	10.21	14.50	19.90	19.90	8.20	6.56	104.12	76.02
153.00	52.95	9.75	14.50	19.90	19.90	8.20	6.56	103.66	75.56
154.00	52.95	9.29	14.50	19.90	19.90	8.20	6.56	103.20	75.10
155.00	52.95	8.82	14.50	19.90	19.90	8.20	6.56	102.73	74.63
156.00	52.95	8.36	14.50	19.90	19.90	8.20	6.56	102.27	74.17

MARRIED COUPLE WITH 2 CHILDREN
 AGED 13 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
157.00	52.95	7.90	14.50	19.90	19.90	8.20	6.56	101.81	73.71
158.00	52.95	7.44	14.50	19.90	19.90	8.20	6.56	101.35	73.25
159.00	52.95	6.98	14.50	19.90	19.90	8.20	6.56	100.89	72.79
160.00	52.95	6.51	14.50	19.90	19.90	8.20	6.56	100.42	72.32
161.00	52.95	6.05	14.50	19.90	19.90	8.20	6.56	99.96	71.86
162.00	52.95	5.59	14.50	19.90	19.90	8.20	6.56	99.50	71.40
163.00	52.95	5.13	14.50	19.90	19.90	8.20	6.56	99.04	70.94
164.00	52.95	4.67	14.50	19.90	19.90	8.20	6.56	98.58	70.48
165.00	52.95	4.20	14.50	19.90	19.90	8.20	6.56	98.11	70.01
166.00	52.95	3.74	14.50	19.90	19.90	8.20	6.56	97.65	69.55
167.00	52.95	3.28	14.50	19.90	19.90	8.20	6.56	97.19	69.09
168.00	52.95	2.82	14.50	19.90	19.90	8.20	6.56	96.73	68.63
169.00	52.95	2.36	14.50	19.90	19.90	8.20	6.56	96.27	68.17
170.00	52.95	1.89	14.50	19.90	19.90	8.20	6.56	95.80	67.70
171.00	52.95	1.43	14.50	19.90	19.90	8.20	6.56	95.34	67.24
172.00	52.95	0.97	14.50	19.90	19.90	8.20	6.56	94.88	66.78
173.00	52.95	0.51	14.50	19.90	19.90	8.20	6.56	94.42	66.32
174.00	52.95	0.00	14.50	19.90	19.90	8.20	6.56	93.91	65.81

DHSS SR3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
 WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 128.59

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 100.49

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	52.95	55.60	21.75	19.90	0.00	8.20	0.00	130.30	102.20
55.00	52.95	55.04	21.75	19.90	0.00	8.20	0.00	129.74	101.64
56.00	52.95	54.38	21.75	19.90	0.00	8.20	0.00	129.08	100.98

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 100.49 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

57.00	52.95	53.71	21.75	19.90	0.00	8.20	0.00	128.41	100.31
58.00	52.95	53.05	21.75	19.90	0.00	8.20	0.00	127.74	99.64
59.00	52.95	52.38	21.75	19.90	0.00	8.20	0.00	127.08	98.98
60.00	52.95	51.72	21.75	19.90	0.00	8.20	0.00	126.42	98.32
61.00	52.95	51.05	21.75	19.90	0.00	8.20	0.00	125.75	97.65
62.00	52.95	50.39	21.75	19.90	0.00	8.20	0.58	125.67	97.57
63.00	52.95	49.72	21.75	19.90	0.91	8.20	0.72	126.04	97.94
64.00	52.95	49.06	21.75	19.90	1.34	8.20	0.85	125.94	97.84
65.00	52.95	48.39	21.75	19.90	1.77	8.20	0.98	125.84	97.74
66.00	52.95	47.73	21.75	19.90	2.20	8.20	1.12	125.74	97.64
67.00	52.95	47.06	21.75	19.90	2.64	8.20	1.25	125.64	97.54
68.00	52.95	46.40	21.75	19.90	3.07	8.20	1.38	125.54	97.44
69.00	52.95	45.73	21.75	19.90	3.50	8.20	1.51	125.44	97.34
70.00	52.95	46.05	21.75	19.90	3.30	8.20	1.45	125.49	97.39
71.00	52.95	45.39	21.75	19.90	3.72	8.20	1.58	125.39	97.29
72.00	52.95	44.74	21.75	19.90	4.14	8.20	1.71	125.30	97.20
73.00	52.95	44.09	21.75	19.90	4.57	8.20	1.84	125.20	97.10
74.00	52.95	43.44	21.75	19.90	4.99	8.20	1.97	125.10	97.00
75.00	52.95	42.79	21.75	19.90	5.41	8.20	2.10	125.00	96.90
76.00	52.95	42.14	21.75	19.90	5.83	8.20	2.23	124.91	96.81

HARRIED COUPLE WITH 3 CHILDREN
 AGED 3, 8 & 11

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
77.00	52.95	41.49	21.75	19.90	6.26	8.20	2.36	124.81	96.71
78.00	52.95	40.84	21.75	19.90	6.68	8.20	2.49	124.71	96.61
79.00	52.95	40.23	21.75	19.90	7.08	8.20	2.61	124.62	96.52
80.00	52.95	39.75	21.75	19.90	7.39	8.20	2.71	124.55	96.45
81.00	52.95	39.28	21.75	19.90	7.69	8.20	2.80	124.48	96.38
82.00	52.95	38.80	21.75	19.90	8.00	8.20	2.90	124.41	96.31
83.00	52.95	38.33	21.75	19.90	8.31	8.20	3.00	124.33	96.23
84.00	52.95	37.85	21.75	19.90	8.62	8.20	3.09	124.26	96.16
85.00	52.95	37.37	21.75	19.90	8.93	8.20	3.19	124.19	96.09
86.00	52.95	36.90	21.75	19.90	9.24	8.20	3.28	124.12	96.02
87.00	52.95	36.42	21.75	19.90	9.55	8.20	3.38	124.05	95.95
88.00	52.95	35.95	21.75	19.90	9.86	8.20	3.47	123.98	95.88
89.00	52.95	35.47	21.75	19.90	10.17	8.20	3.57	123.91	95.81
90.00	52.95	34.99	21.75	19.90	10.48	8.20	3.66	123.83	95.73
91.00	52.95	34.52	21.75	19.90	10.79	8.20	3.76	123.76	95.66
92.00	52.95	34.04	21.75	19.90	11.10	8.20	3.85	123.69	95.59
93.00	52.95	33.57	21.75	19.90	11.41	8.20	3.95	123.62	95.52
94.00	52.95	33.09	21.75	19.90	11.72	8.20	4.04	123.55	95.45
95.00	52.95	32.61	21.75	19.90	12.03	8.20	4.14	123.48	95.38
96.00	52.95	32.14	21.75	19.90	12.34	8.20	4.23	123.41	95.31
97.00	52.95	31.66	21.75	19.90	12.65	8.20	4.33	123.33	95.23
98.00	52.95	31.19	21.75	19.90	12.95	8.20	4.42	123.26	95.16
99.00	52.95	30.71	21.75	19.90	13.26	8.20	4.52	123.19	95.09
100.00	52.95	30.23	21.75	19.90	13.57	8.20	4.61	123.12	95.02
101.00	52.95	29.76	21.75	19.90	13.88	8.20	4.71	123.05	94.95
102.00	52.95	29.28	21.75	19.90	14.19	8.20	4.80	122.98	94.88
103.00	52.95	28.81	21.75	19.90	14.50	8.20	4.90	122.91	94.81
104.00	52.95	28.33	21.75	19.90	14.81	8.20	4.99	122.83	94.73
105.00	52.95	29.32	21.75	19.90	14.17	8.20	4.80	122.98	94.88
106.00	52.95	28.86	21.75	19.90	14.47	8.20	4.89	122.91	94.81
107.00	52.95	28.40	21.75	19.90	14.77	8.20	4.98	122.84	94.74
108.00	52.95	27.94	21.75	19.90	15.07	8.20	5.07	122.78	94.68
109.00	52.95	27.48	21.75	19.90	15.37	8.20	5.17	122.71	94.61
110.00	52.95	27.01	21.75	19.90	15.67	8.20	5.26	122.64	94.54
111.00	52.95	26.55	21.75	19.90	15.97	8.20	5.35	122.57	94.47
112.00	52.95	26.09	21.75	19.90	16.27	8.20	5.44	122.50	94.40
113.00	52.95	25.63	21.75	19.90	16.57	8.20	5.53	122.43	94.33
114.00	52.95	25.17	21.75	19.90	16.87	8.20	5.63	122.36	94.26
115.00	52.95	24.70	21.75	19.90	17.17	8.20	5.72	122.29	94.19
116.00	52.95	24.24	21.75	19.90	17.47	8.20	5.81	122.22	94.12

MARRIED COUPLE WITH 3 CHILDREN
AGED 3, 8 & 11

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
117.00	52.95	23.78	21.75	19.90	17.77	8.20	5.90	122.15	94.05
118.00	52.95	23.52	21.75	19.90	18.07	8.20	6.00	122.08	93.98
119.00	52.95	22.86	21.75	19.90	18.37	8.20	6.09	122.01	93.91
120.00	52.95	22.39	21.75	19.90	18.67	8.20	6.18	121.94	93.84
121.00	52.95	21.93	21.75	19.90	18.97	8.20	6.27	121.87	93.77
122.00	52.95	21.47	21.75	19.90	19.27	8.20	6.37	121.81	93.71
123.00	52.95	21.01	21.75	19.90	19.57	8.20	6.46	121.74	93.64
124.00	52.95	20.55	21.75	19.90	19.87	8.20	6.55	121.67	93.57
125.00	52.95	20.08	21.75	19.90	19.90	8.20	6.56	121.24	93.14
126.00	52.95	19.62	21.75	19.90	19.90	8.20	6.56	120.78	92.68
127.00	52.95	19.16	21.75	19.90	19.90	8.20	6.56	120.32	92.22
128.00	52.95	18.70	21.75	19.90	19.90	8.20	6.56	119.86	91.76
129.00	52.95	18.24	21.75	19.90	19.90	8.20	6.56	119.40	91.30
130.00	52.95	17.77	21.75	19.90	19.90	8.20	6.56	118.93	90.83
131.00	52.95	17.31	21.75	19.90	19.90	8.20	6.56	118.47	90.37
132.00	52.95	16.85	21.75	19.90	19.90	8.20	6.56	118.01	89.91
133.00	52.95	16.39	21.75	19.90	19.90	8.20	6.56	117.55	89.45
134.00	52.95	15.93	21.75	19.90	19.90	8.20	6.56	117.09	88.99
135.00	52.95	15.46	21.75	19.90	19.90	8.20	6.56	116.62	88.52
136.00	52.95	15.00	21.75	19.90	19.90	8.20	6.56	116.16	88.06
137.00	52.95	14.54	21.75	19.90	19.90	8.20	6.56	115.70	87.60
138.00	52.95	14.08	21.75	19.90	19.90	8.20	6.56	115.24	87.14
139.00	52.95	13.62	21.75	19.90	19.90	8.20	6.56	114.78	86.68
140.00	52.95	13.15	21.75	19.90	19.90	8.20	6.56	114.31	86.21
141.00	52.95	12.69	21.75	19.90	19.90	8.20	6.56	113.85	85.75
142.00	52.95	12.23	21.75	19.90	19.90	8.20	6.56	113.39	85.29
143.00	52.95	11.77	21.75	19.90	19.90	8.20	6.56	112.93	84.83
144.00	52.95	11.31	21.75	19.90	19.90	8.20	6.56	112.47	84.37
145.00	52.95	10.84	21.75	19.90	19.90	8.20	6.56	112.00	83.90
146.00	52.95	10.38	21.75	19.90	19.90	8.20	6.56	111.54	83.44
147.00	52.95	9.92	21.75	19.90	19.90	8.20	6.56	111.08	82.98
148.00	52.95	9.46	21.75	19.90	19.90	8.20	6.56	110.62	82.52
149.00	52.95	9.00	21.75	19.90	19.90	8.20	6.56	110.16	82.06
150.00	52.95	8.53	21.75	19.90	19.90	8.20	6.56	109.69	81.59
151.00	52.95	8.07	21.75	19.90	19.90	8.20	6.56	109.23	81.13
152.00	52.95	7.61	21.75	19.90	19.90	8.20	6.56	108.77	80.67
153.00	52.95	7.15	21.75	19.90	19.90	8.20	6.56	108.31	80.21
154.00	52.95	6.69	21.75	19.90	19.90	8.20	6.56	107.85	79.75
155.00	52.95	6.22	21.75	19.90	19.90	8.20	6.56	107.38	79.28
156.00	52.95	5.76	21.75	19.90	19.90	8.20	6.56	106.92	78.82

MARRIED COUPLE WITH 3 CHILDREN
 AGED 3, 8 & 11

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
157.00	52.95	5.30	21.75	19.90	19.90	8.20	6.56	106.46	78.36
158.00	52.95	4.84	21.75	19.90	19.90	8.20	6.56	106.00	77.90
159.00	52.95	4.38	21.75	19.90	19.90	8.20	6.56	105.54	77.44
160.00	52.95	3.91	21.75	19.90	19.90	8.20	6.56	105.07	76.97
161.00	52.95	3.45	21.75	19.90	19.90	8.20	6.56	104.61	76.51
162.00	52.95	2.99	21.75	19.90	19.90	8.20	6.56	104.15	76.05
163.00	52.95	2.53	21.75	19.90	19.90	8.20	6.56	103.69	75.59
164.00	52.95	2.07	21.75	19.90	19.90	8.20	6.56	103.23	75.13
165.00	52.95	1.60	21.75	19.90	19.90	8.20	6.56	102.76	74.66
166.00	52.95	1.14	21.75	19.90	19.90	8.20	6.56	102.30	74.20
167.00	52.95	0.68	21.75	19.90	19.90	8.20	6.56	101.84	73.74
168.00	52.95	0.00	21.75	19.90	19.90	8.20	6.56	101.16	73.06

DHSS 5R3A

EARNINGS AND BENEFITS

TABLE II

HEAD OF FAMILY IN RECEIPT OF UNEMPLOYMENT BENEFIT
WITH ANY CONTINUING ENTITLEMENT TO FAMILY CREDIT

AS AT APRIL 88

TOTAL NET INCOME ON INCOME SUPPORT = £ 150.54

NET INCOME AFTER HOUSING COSTS ON INCOME SUPPORT = £ 122.44

FORMER EARNINGS	TOTAL GROSS PAYMENT	UB FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
54.00	52.95	70.30	29.00	19.90	0.00	8.20	0.00	152.25	124.15
55.00	52.95	69.74	29.00	19.90	0.00	8.20	0.00	151.69	123.59
56.00	52.95	69.08	29.00	19.90	0.00	8.20	0.00	151.03	122.93

WITH LOWER AMOUNTS OF CONTINUING ENTITLEMENT TO FAMILY CREDIT, INCOME SUPPORT WOULD BE PAYABLE AND WOULD PROVIDE NIAHC OF £ 122.44 PER WEEK. DETAILS BELOW ILLUSTRATE THE POSITION WHERE INCOME SUPPORT IS NOT CLAIMED.

57.00	52.95	68.41	29.00	19.90	0.00	8.20	0.00	150.36	122.26
58.00	52.95	67.75	29.00	19.90	0.00	8.20	0.00	149.70	121.60
59.00	52.95	67.08	29.00	19.90	0.00	8.20	0.00	149.03	120.93
60.00	52.95	66.42	29.00	19.90	0.00	8.20	0.00	148.37	120.27
61.00	52.95	65.75	29.00	19.90	0.00	8.20	0.00	147.70	119.60
62.00	52.95	65.09	29.00	19.90	0.00	8.20	0.00	147.04	118.94
63.00	52.95	64.42	29.00	19.90	0.00	8.20	0.00	146.37	118.27
64.00	52.95	63.76	29.00	19.90	0.00	8.20	0.00	145.71	117.61
65.00	52.95	63.09	29.00	19.90	0.00	8.20	0.00	145.04	116.94
66.00	52.95	62.43	29.00	19.90	0.55	8.20	0.61	145.53	117.43
67.00	52.95	61.76	29.00	19.90	0.98	8.20	0.74	145.43	117.33
68.00	52.95	61.10	29.00	19.90	1.41	8.20	0.87	145.33	117.23
69.00	52.95	60.43	29.00	19.90	1.84	8.20	1.00	145.23	117.13
70.00	52.95	60.75	29.00	19.90	1.64	8.20	0.94	145.27	117.17
71.00	52.95	60.09	29.00	19.90	2.06	8.20	1.07	145.18	117.08
72.00	52.95	59.44	29.00	19.90	2.48	8.20	1.20	145.08	116.98
73.00	52.95	58.79	29.00	19.90	2.91	8.20	1.33	144.98	116.88
74.00	52.95	58.14	29.00	19.90	3.33	8.20	1.46	144.88	116.78
75.00	52.95	57.49	29.00	19.90	3.75	8.20	1.59	144.79	116.69
76.00	52.95	56.84	29.00	19.90	4.18	8.20	1.72	144.69	116.59

MARRIED COUPLE WITH 4 CHILDREN
 AGED 3, 8, 11 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
77.00	52.95	56.19	29.00	19.90	4.60	8.20	1.85	144.59	116.49
78.00	52.95	55.54	29.00	19.90	5.02	8.20	1.98	144.49	116.39
79.00	52.95	54.93	29.00	19.90	5.42	8.20	2.10	144.40	116.30
80.00	52.95	54.45	29.00	19.90	5.73	8.20	2.20	144.33	116.23
81.00	52.95	53.98	29.00	19.90	6.04	8.20	2.29	144.26	116.16
82.00	52.95	53.50	29.00	19.90	6.35	8.20	2.39	144.19	116.09
83.00	52.95	53.03	29.00	19.90	6.66	8.20	2.49	144.12	116.02
84.00	52.95	52.55	29.00	19.90	6.97	8.20	2.58	144.04	115.94
85.00	52.95	52.07	29.00	19.90	7.28	8.20	2.68	143.97	115.87
86.00	52.95	51.60	29.00	19.90	7.58	8.20	2.77	143.90	115.80
87.00	52.95	51.12	29.00	19.90	7.89	8.20	2.87	143.83	115.73
88.00	52.95	50.65	29.00	19.90	8.20	8.20	2.96	143.76	115.66
89.00	52.95	50.17	29.00	19.90	8.51	8.20	3.06	143.69	115.59
90.00	52.95	49.69	29.00	19.90	8.82	8.20	3.15	143.62	115.52
91.00	52.95	49.22	29.00	19.90	9.13	8.20	3.25	143.55	115.45
92.00	52.95	48.74	29.00	19.90	9.44	8.20	3.34	143.47	115.37
93.00	52.95	48.27	29.00	19.90	9.75	8.20	3.44	143.40	115.30
94.00	52.95	47.79	29.00	19.90	10.06	8.20	3.53	143.33	115.23
95.00	52.95	47.31	29.00	19.90	10.37	8.20	3.63	143.26	115.16
96.00	52.95	46.84	29.00	19.90	10.68	8.20	3.72	143.19	115.09
97.00	52.95	46.36	29.00	19.90	10.99	8.20	3.82	143.12	115.02
98.00	52.95	45.89	29.00	19.90	11.30	8.20	3.91	143.05	114.95
99.00	52.95	45.41	29.00	19.90	11.61	8.20	4.01	142.97	114.87
100.00	52.95	44.93	29.00	19.90	11.92	8.20	4.10	142.90	114.80
101.00	52.95	44.46	29.00	19.90	12.23	8.20	4.20	142.83	114.73
102.00	52.95	43.98	29.00	19.90	12.53	8.20	4.29	142.76	114.66
103.00	52.95	43.51	29.00	19.90	12.84	8.20	4.39	142.69	114.59
104.00	52.95	43.03	29.00	19.90	13.15	8.20	4.48	142.62	114.52
105.00	52.95	44.02	29.00	19.90	12.51	8.20	4.29	142.77	114.67
106.00	52.95	43.56	29.00	19.90	12.81	8.20	4.38	142.70	114.60
107.00	52.95	43.10	29.00	19.90	13.11	8.20	4.47	142.63	114.53
108.00	52.95	42.64	29.00	19.90	13.41	8.20	4.56	142.56	114.46
109.00	52.95	42.18	29.00	19.90	13.71	8.20	4.66	142.49	114.39
110.00	52.95	41.71	29.00	19.90	14.01	8.20	4.75	142.42	114.32
111.00	52.95	41.25	29.00	19.90	14.31	8.20	4.84	142.35	114.25
112.00	52.95	40.79	29.00	19.90	14.61	8.20	4.93	142.28	114.18
113.00	52.95	40.33	29.00	19.90	14.91	8.20	5.02	142.21	114.11
114.00	52.95	39.87	29.00	19.90	15.21	8.20	5.12	142.14	114.04
115.00	52.95	39.40	29.00	19.90	15.51	8.20	5.21	142.07	113.97
116.00	52.95	38.94	29.00	19.90	15.81	8.20	5.30	142.00	113.90

MARRIED COUPLE WITH 4 CHILDREN
AGED 3, 8, 11 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
117.00	52.95	30.40	29.00	19.90	16.11	8.20	5.39	141.93	113.83
118.00	52.95	30.02	29.00	19.90	16.41	8.20	5.49	141.87	113.77
119.00	52.95	37.56	29.00	19.90	16.71	8.20	5.58	141.80	113.70
120.00	52.95	37.09	29.00	19.90	17.01	8.20	5.67	141.73	113.63
121.00	52.95	36.63	29.00	19.90	17.31	8.20	5.76	141.66	113.56
122.00	52.95	36.17	29.00	19.90	17.61	8.20	5.86	141.59	113.49
123.00	52.95	35.71	29.00	19.90	17.91	8.20	5.95	141.52	113.42
124.00	52.95	35.25	29.00	19.90	18.21	8.20	6.04	141.45	113.35
125.00	52.95	34.78	29.00	19.90	18.51	8.20	6.13	141.38	113.28
126.00	52.95	34.32	29.00	19.90	18.81	8.20	6.23	141.31	113.21
127.00	52.95	33.86	29.00	19.90	19.11	8.20	6.32	141.24	113.14
128.00	52.95	33.40	29.00	19.90	19.41	8.20	6.41	141.17	113.07
129.00	52.95	32.94	29.00	19.90	19.71	8.20	6.50	141.10	113.00
130.00	52.95	32.47	29.00	19.90	19.90	8.20	6.56	140.88	112.78
131.00	52.95	32.01	29.00	19.90	19.90	8.20	6.56	140.42	112.32
132.00	52.95	31.55	29.00	19.90	19.90	8.20	6.56	139.96	111.86
133.00	52.95	31.09	29.00	19.90	19.90	8.20	6.56	139.50	111.40
134.00	52.95	30.63	29.00	19.90	19.90	8.20	6.56	139.04	110.94
135.00	52.95	30.16	29.00	19.90	19.90	8.20	6.56	138.57	110.47
136.00	52.95	29.70	29.00	19.90	19.90	8.20	6.56	138.11	110.01
137.00	52.95	29.24	29.00	19.90	19.90	8.20	6.56	137.65	109.55
138.00	52.95	28.78	29.00	19.90	19.90	8.20	6.56	137.19	109.09
139.00	52.95	28.32	29.00	19.90	19.90	8.20	6.56	136.73	108.63
140.00	52.95	27.85	29.00	19.90	19.90	8.20	6.56	136.26	108.16
141.00	52.95	27.39	29.00	19.90	19.90	8.20	6.56	135.80	107.70
142.00	52.95	26.93	29.00	19.90	19.90	8.20	6.56	135.34	107.24
143.00	52.95	26.47	29.00	19.90	19.90	8.20	6.56	134.88	106.78
144.00	52.95	26.01	29.00	19.90	19.90	8.20	6.56	134.42	106.32
145.00	52.95	25.54	29.00	19.90	19.90	8.20	6.56	133.95	105.85
146.00	52.95	25.08	29.00	19.90	19.90	8.20	6.56	133.49	105.39
147.00	52.95	24.62	29.00	19.90	19.90	8.20	6.56	133.03	104.93
148.00	52.95	24.16	29.00	19.90	19.90	8.20	6.56	132.57	104.47
149.00	52.95	23.70	29.00	19.90	19.90	8.20	6.56	132.11	104.01
150.00	52.95	23.23	29.00	19.90	19.90	8.20	6.56	131.64	103.54
151.00	52.95	22.77	29.00	19.90	19.90	8.20	6.56	131.18	103.08
152.00	52.95	22.31	29.00	19.90	19.90	8.20	6.56	130.72	102.62
153.00	52.95	21.85	29.00	19.90	19.90	8.20	6.56	130.26	102.16
154.00	52.95	21.39	29.00	19.90	19.90	8.20	6.56	129.80	101.70
155.00	52.95	20.92	29.00	19.90	19.90	8.20	6.56	129.33	101.23
156.00	52.95	20.46	29.00	19.90	19.90	8.20	6.56	128.87	100.77

MARRIED COUPLE WITH 4 CHILDREN
 AGED 3, 8, 11 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
157.00	52.95	20.00	29.00	19.90	19.90	8.20	6.56	128.41	100.31
158.00	52.95	19.54	29.00	19.90	19.90	8.20	6.56	127.95	99.85
159.00	52.95	19.08	29.00	19.90	19.90	8.20	6.56	127.49	99.39
160.00	52.95	18.61	29.00	19.90	19.90	8.20	6.56	127.02	98.92
161.00	52.95	18.15	29.00	19.90	19.90	8.20	6.56	126.56	98.46
162.00	52.95	17.69	29.00	19.90	19.90	8.20	6.56	126.10	98.00
163.00	52.95	17.23	29.00	19.90	19.90	8.20	6.56	125.64	97.54
164.00	52.95	16.77	29.00	19.90	19.90	8.20	6.56	125.18	97.08
165.00	52.95	16.30	29.00	19.90	19.90	8.20	6.56	124.71	96.61
166.00	52.95	15.84	29.00	19.90	19.90	8.20	6.56	124.25	96.15
167.00	52.95	15.38	29.00	19.90	19.90	8.20	6.56	123.79	95.69
168.00	52.95	14.92	29.00	19.90	19.90	8.20	6.56	123.33	95.23
169.00	52.95	14.46	29.00	19.90	19.90	8.20	6.56	122.87	94.77
170.00	52.95	13.99	29.00	19.90	19.90	8.20	6.56	122.40	94.30
171.00	52.95	13.53	29.00	19.90	19.90	8.20	6.56	121.94	93.84
172.00	52.95	13.07	29.00	19.90	19.90	8.20	6.56	121.48	93.38
173.00	52.95	12.61	29.00	19.90	19.90	8.20	6.56	121.02	92.92
174.00	52.95	12.15	29.00	19.90	19.90	8.20	6.56	120.56	92.46
175.00	52.95	11.68	29.00	19.90	19.90	8.20	6.56	120.09	91.99
176.00	52.95	11.22	29.00	19.90	19.90	8.20	6.56	119.63	91.53
177.00	52.95	10.76	29.00	19.90	19.90	8.20	6.56	119.17	91.07
178.00	52.95	10.30	29.00	19.90	19.90	8.20	6.56	118.71	90.61
179.00	52.95	9.84	29.00	19.90	19.90	8.20	6.56	118.24	90.14
180.00	52.95	9.37	29.00	19.90	19.90	8.20	6.56	117.78	89.68
181.00	52.95	8.91	29.00	19.90	19.90	8.20	6.56	117.32	89.22
182.00	52.95	8.45	29.00	19.90	19.90	8.20	6.56	116.86	88.76
183.00	52.95	7.99	29.00	19.90	19.90	8.20	6.56	116.40	88.30
184.00	52.95	7.53	29.00	19.90	19.90	8.20	6.56	115.94	87.84
185.00	52.95	7.06	29.00	19.90	19.90	8.20	6.56	115.47	87.37
186.00	52.95	6.60	29.00	19.90	19.90	8.20	6.56	115.01	86.91
187.00	52.95	6.14	29.00	19.90	19.90	8.20	6.56	114.55	86.45
188.00	52.95	5.68	29.00	19.90	19.90	8.20	6.56	114.09	85.99
189.00	52.95	5.22	29.00	19.90	19.90	8.20	6.56	113.63	85.53
190.00	52.95	4.75	29.00	19.90	19.90	8.20	6.56	113.16	85.06
191.00	52.95	4.29	29.00	19.90	19.90	8.20	6.56	112.70	84.60
192.00	52.95	3.83	29.00	19.90	19.90	8.20	6.56	112.24	84.14
193.00	52.95	3.37	29.00	19.90	19.90	8.20	6.56	111.78	83.68
194.00	52.95	2.91	29.00	19.90	19.90	8.20	6.56	111.32	83.22
195.00	52.95	2.44	29.00	19.90	19.90	8.20	6.56	110.85	82.75
196.00	52.95	1.98	29.00	19.90	19.90	8.20	6.56	110.39	82.29

MARRIED COUPLE WITH 4 CHILDREN
 AGED 3, 8, 11 & 16

FORMER GROSS EARNINGS	TOTAL UB PAYMENT	FAMILY CREDIT	CHILD BENEFIT	RENT	RENT REBATE	RATES	RATE REBATE	TOTAL NET INCOME	NET INCOME AFTER HOUSING COSTS
197.00	52.95	1.52	29.00	19.90	19.90	8.20	6.56	109.93	81.83
198.00	52.95	1.06	29.00	19.90	19.90	8.20	6.56	109.47	81.37
199.00	52.95	0.60	29.00	19.90	19.90	8.20	6.56	109.01	80.91
200.00	52.95	0.00	29.00	19.90	19.90	8.20	6.56	108.41	80.31

TABLE III

NET INCOME AFTER HOUSING COSTS WHEN UNEMPLOYED AND IN RECEIPT
OF INCOME SUPPORT WITHOUT A CONTINUING PAYMENT
OF FAMILY CREDIT

FAMILY TYPE	UNEMPLOYMENT	CHILD	INCOME	HOUSING	RENT	RATES	FREE	FREE	TOTAL	NET INCOME
	BENEFIT	BENEFIT(1)	SUPPORT	BENEFIT			SCHOOL	WELFARE	NET	AFTER HOUSING
	£	£	£	£	£	£	HEALS	MILK	INCOME	COSTS
							£	£	£	£
Single person (aged 25+)	32.75	-	0.65	22.12	16.60	6.90	-	-	54.14	32.02
SP + 1 aged 3	32.75	12.15	9.10	24.76	18.60	7.70	-	1.83	79.05	54.29
SP + 2 aged 4 and 6	32.75	19.40	12.60	26.46	19.90	8.20	2.55	1.83	93.95	67.49
Married Couple	52.95	-	-	22.12	16.60	6.90	-	-	73.69	51.57
MC + 1 aged 3	52.95	7.25	8.15	24.76	18.60	7.70	-	1.83	93.40	68.64
MC + 1 aged 14	52.95	7.25	13.50	24.76	18.60	7.70	2.55	-	99.47	74.71
MC + 2 aged 4 and 6	52.95	14.50	11.65	26.46	19.90	8.20	2.55	1.83	108.30	81.84
MC + 2 aged 13 and 16	52.95	14.50	25.65	26.46	19.90	8.20	5.10	-	123.02	96.56
MC + 3 aged 3, 8 and 11	52.95	21.75	20.50	26.46	19.90	8.20	5.10	1.83	126.95	100.49
MC + 4 aged 3, 8, 11 and 16	52.95	29.00	32.65	26.46	19.90	8.20	7.65	1.83	148.90	122.44

1. Child benefit includes one parent where appropriate.

2. From week 52 when unemployment benefit ceases, there is a compensating increase in income support for all types except the married couple.

TABLE A

LEVELS OF GROSS EARNINGS AT WHICH NET INCOME AFTER HOUSING COSTS IN WORK BECOMES
EQUAL TO THAT WHEN UNEMPLOYED AND IN RECEIPT OF INCOME SUPPORT

FAMILY TYPE	GROSS EARNINGS	TAX	NI	FAMILY CREDIT	CHILD BENEFIT(3)	RENT	RENT REBATE	RATES	RATE REBATE	NET INCOME AFTER HOUSING COSTS
	£	£	£	£	£	£	£	£	£	£
Single person (aged 25+)	33.40	-	-	-	-	16.60	16.60	6.90	5.52	52.02
SP + 1 aged 3	5.53	-	-	38.15	12.15	18.60	18.60	7.70	6.16	54.29
SP + 2 aged 4 and 6	5.53	-	-	44.20	19.40	19.90	19.90	8.20	6.56	67.49
Married couple	54.16	-	2.71	-	-	16.60	16.60	6.90	5.52	50.07
MC + 1 aged 3	24.78	-	-	38.15	7.25	18.60	18.60	7.70	6.16	60.64
MC + 1 aged 14	25.50	-	-	43.50	7.25	18.60	18.60	7.70	6.16	74.71
MC + 2 aged 4 and 6	24.78	-	-	44.20	14.50	19.90	19.90	8.20	6.56	81.84
MC + 2 aged 13 and 16	25.50	-	-	58.20	14.50	19.90	19.90	8.20	6.56	96.56
MC + 3 aged 3, 8 and 11	24.78	-	-	55.60	21.75	19.90	19.90	8.20	6.56	100.49
MC + 4 aged 3, 8, 11 and 16	24.78	-	-	70.30	29.00	19.90	19.90	8.20	6.56	122.44

1. See Note 3 on Page 1.

2. Family Credit is awarded only when the head of the family is in full-time work, which for two parent families is at least 30 hours a week and for one-parent families at least 24 hours a week.

3. Child benefit includes one parent benefit where appropriate.

TABLE B

REPLACEMENT RATIOS

NET INCOME AFTER HOUSING COSTS WHEN UNEMPLOYED AND IN RECEIPT OF INCOME SUPPORT
EXPRESSED AS A PERCENTAGE OF THAT RECEIVED WHEN IN WORK AT VARIOUS LEVELS OF GROSS EARNINGS

PERCENTAGES

GROSS EARNINGS IN FULL-TIME WORK AT	60	75	90	105	120	135	150	165	180	195	210	225	240	255	270	285	300
Single person (aged 25+)	81	80	64	55	47	41	36	33	30	27	25	23	22	20	19	18	17
SP + 1 child aged 3	70	67	64	63	61	57	52	47	44	40	38	35	33	31	30	28	27
SP + 2 children aged 4 and 6	76	73	70	69	67	65	61	56	52	48	45	42	40	38	36	34	32
Married couple	90	82	79	76	66	59	53	48	44	40	37	35	32	30	29	27	26
MC + 1 aged 3	86	85	85	84	81	76	69	63	57	53	49	46	43	41	38	36	35
MC + 1 aged 14	88	87	87	86	83	80	75	68	63	58	54	50	47	44	42	40	38
MC + 2 aged 4 and 6	90	90	89	88	85	82	78	71	66	61	57	53	50	47	44	42	40
MC + 2 aged 13 and 16	92	92	92	90	88	85	83	81	77	72	67	62	59	55	52	50	47
MC + 3 aged 3, 8 and 11	94	93	92	90	87	85	83	81	76	71	66	62	59	55	52	50	48
MC + 4 aged 3, 8, 11 and 16	96	96	93	91	89	88	86	84	82	81	77	72	68	65	62	59	56

See Note 3 on Page 1.

EXAMPLES OF HOW NET INCOME AFTER HOUSING COSTS (NIAHC)
IS CALCULATED FOR A HYPOTHETICAL FAMILY

NIAHC is defined as: gross earnings or benefit payable, plus child benefit (including one parent benefit where appropriate), family credit, rent and rate rebates, less tax, national insurance contributions, and gross rent and rates.

EXAMPLE A

(a) Married couple with 2 children aged 4 and 6 earnings £90 per week

Income	£	Outgoings	£
Gross earnings	90.00	Tax	2.81
CHB	14.50	NI	6.30
Family credit	23.59	Gross rent	19.90
Rent rebate	-	Gross rates	8.20
Rate rebate	0.58		
Total	128.67	Total	37.21

NIAHC (£128.67 less £37.21) = £91.46

(b) Married couple with 2 children aged 4 and 6 with former earnings of £90 per week, with family credit entitlement still current.

Income	£	Outgoings	£
UB	52.95	Gross rent	19.90
CHB	14.50	Gross rates	8.20
Family credit	23.59		
Rent rebate	12.14		
Rate rebate	4.17		
Total	107.35	Total	28.10

NIAHC (£107.35 less £28.10) = £79.25

EXAMPLE B

Married couple with 2 children aged 4 and 6 receiving income support

Income	£	Outgoings	£
Income support	64.60	Rent	19.90
CHB	14.50	Rates	0.20
Rent rebate	19.90		
Rate rebate	6.56		
FSM	2.55		
FWF	1.83		
Total	109.94	Total	20.10

MIAHC (£109.94 less £20.10) = £89.84

Calculation of income support

Requirements	£	Resources	£
<u>Personal allowance</u>		CHB	14.50
Couple	51.45		
Child 1	10.75		
Child 2	10.75		
<u>Premiums</u>			
Family	6.15		
Total	79.10	Total	14.50

Amount of income support paid (£79.10 less £14.50) = £64.60

SECRET

cc B/inf

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PRIME MINISTER

CABINET: PARLIAMENTARY AFFAIRS

Just to remind you that you will want to invite John Moore to say a few words about his proposed pensioners announcement.

~~You will also want to consider whether to invite the Chancellor to say anything, but perhaps it would be best if he stayed silent.~~ ✓

You will want to emphasise the importance of nothing getting out about this before John Moore's speech in the afternoon.

PLCC

(PAUL GRAY)

23 November 1988

SECRET

PRIME MINISTER

John Moore's Statement about pensioners went down well in the House this afternoon - as indeed one would expect.

Sadly, it was punctuated by a number of points of order which continued throughout the afternoon concerning the students' demonstration which was taking place outside. The general gist of the complaint was that the demonstration was not being properly policed, and that constituents were therefore prevented from reaching the House to meet their MPs. And equally importantly, there were allegations from a number of MPs of excessive violence by the police. The Speaker has asked for a report on the demonstration, and a request has been made through the usual channels for a Statement by the Home Secretary. Until the Commissioner's report is received, it is difficult to decide what to do, but the Speaker may well allow a P & Q tomorrow.

I did not witness any of the demonstration myself, but my information is that the police did use a certain amount of force at various times. But I have made some personal enquiries, and discover that a significant number of policemen, and particularly WPCs, were injured at an early stage. In the circumstances, it is hardly surprising if tempers became a little frayed.

P. A. BEARPARK
24 November 1988

DS3ADK



9

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 November 1988

Dear Rod,

POORER PENSIONERS

The Prime Minister was grateful for your Secretary of State's minute of today's date. She had a word about this, and the Chancellor of the Exchequer's earlier minute of 18 November, with the Chancellor this afternoon.

I should be grateful if you and Alex Allan (Treasury) to whom I am sending a copy of this letter would ensure that this letter is shown only to named individuals.

The Prime Minister is now content to agree that your Secretary of State should make an announcement about the agreed package of assistance for poorer pensioners during the course of his speech this Thursday in the Queen's Speech Debate. She has commented that it is essential to stress that the scheme will not be introduced until October 1989.

*Yours,
P.G.*

(PAUL GRAY)

Rod Clark, Esq.,
Department of Social Security.

CF-BA

8

PRIME MINISTER

PRCG
23/11

POORER PENSIONERS ANNOUNCEMENT

You agreed when you saw the Chancellor and the Chief Secretary earlier this evening that John Moore should make an announcement about the Poorer Pensioners Package on Thursday. I have now passed this decision on to John Moore's office.

The issue is being handled at the moment within a very tight circle. But John Moore has raised with me the issue of how and when other colleagues might be told about it. There are some other colleagues who have a direct interest:

- John Moore's responsibilities cover only GB; Tom King will need to introduce a parallel scheme in Northern Ireland.
- Nicholas Ridley, Peter Walker and Malcolm Rifkind are affected because of the local authority dimension in housing benefit. They may well be concerned about the additional administrative burden on local authorities midway between the implementation of the Community Charge in Scotland and in England and Wales.

I think it is clear that all these four need to be told before John Moore's announcement. You will also want to consider whether Cabinet generally should be told on Thursday.

One possible approach would be:

- John Moore to mention under Parliamentary Affairs at Cabinet on Thursday that he will be announcing the scheme that afternoon.
- Earlier on Thursday morning John Moore should mention privately to the four Ministers with a direct interest what he is doing.

Content for him to proceed on that basis?

PRCG.
PAUL GRAY

22 November 1988

KAYALQ

Yes

He had a word
about this earlier today

ms

CONFIDENTIAL

Prime Minister


POORER PENSIONERS

I have had a further discussion with Nigel Lawson about the timing of an announcement.

2. As you know I have now agreed a package of assistance for poorer pensioners and I think there are considerable advantages in my announcing this on Thursday in the Queen's Speech debate. I see real political risks if we delay:-

- * Media speculation is continuing, and expectations are being raised all the time (the Times has already suggested that the final package will cost £2-500 million). If we wait, the announcement is likely to come as an anti-climax and be attacked as inadequate.

- * So long as we say nothing, the Opposition will continue to harry us with two effects. First, they will continue to raise alarm and concern among pensioners. Second, they will go on claiming the political high ground on the pensioner issue which they have no right to occupy.

- 
- * Regrettably the longer we wait, the greater the risk of a leak - and we do not want the announcement to seem like a defensive reaction to another leaked proposal.
 - * Delay would also mean that the issue of poorer pensioners would become part of the staple diet of Prime Minister's Questions as well as Social Security and Treasury questions.
 - * As we have chosen the simplest option of income support we have no credible reason for delaying announcement of the decision.

3. We recognise that if we announce the package now, we will have to explain why it cannot be implemented as early as next April. The answer is that this would not be a practical proposition:-

- On Order* →
- * Implementation of the April 1989 uprating is well under way. Implementation of the new pensioner changes could not start until regulations were in place, on which local authorities would have to be consulted. *On notice*
Consultations alone would take at least three weeks.
There would simply not be enough time left to implement the new proposals in April 1989.
 - * An important element of the proposals is that they give help, through housing benefit, to poorer pensioners just above the income support level. But local authorities would have similar problems implementing the housing benefit changes by April - particularly in Scotland where all their efforts are directed to bringing in the community charge on time.



4. Given that we cannot make the change in April, an implementation date in October seems the natural time, and will minimise the in-year costs to the Reserve. An October start would also give the local authorities ample notice to prepare for the change, and will minimise their complaints at having to re-program their computers. It will also remove the possibility of local authorities seeking to embarrass the Government by claiming that there was insufficient time to make the changes.

5. For all these reasons I am strongly of the opinion that we should proceed as soon as possible and I would therefore like to make an announcement on Thursday.

JM

22 November 1988

cf/600
7

PRIME MINISTER

POORER PENSIONERS

Yesterday you told the Chancellor you were strongly opposed to John Moore's announcing a package of assistance for poorer pensioners during The Queen's Speech debate. The conversation ended with the Chancellor saying he may want to talk to you about it again.

I gather that both the Chancellor and John Moore still strongly favour an announcement this week - which will be on Thursday, when John Moore is now scheduled to speak. John Moore has been told of your view - but is not aware of the trade figures dimension,

The Chancellor wants to have another word with you tomorrow and we have earmarked a possible slot at 1745. He may or may not send you a piece of paper beforehand. John Moore is also pressing to see you, but he does not know about the 1745 meeting.

Nothing that has happened in the last 24 hours seems to me to affect the line you took with the Chancellor yesterday. So I imagine you will want to reiterate your strong opposition to an announcement this week.

PLCG.

PAUL GRAY

21 November 1988

PM2AHO

PRIME MINISTERPENSIONERS, STEEL AND TRADE

We discussed earlier this afternoon the major awkwardnesses on these three inter-related subjects next week.

Surely we are not making this a retirement charge for all over 75's. I thought it was to be paid for those born before a certain year?

I now attach a note the Chancellor has sent you detailing his proposals on assistance for poorer pensioners. As expected, he proposes an announcement during the Debate on the Queen's Speech. The note does I think clarify the position on housing benefit, but it is singularly unpersuasive on why, if an announcement is made in November 1988, it is not possible to implement before October 1989.

On the trade front, we do not have any firmer figures yet than those discussed with you earlier.

But there have been further developments on the steel front. Some of the DTI's lawyers are apparently taking the view that disclosure requirements in relation to steel necessitate indicating before next Wednesday broadly what the trade figures will be. That would point to bringing forward the trade figures announcement to Tuesday - which would then of course clash directly with your speech in the Debate on the Address. I have suggested to DTI and the Treasury that, if there is any doubt about the legal position, they should urgently consult the Attorney General over the weekend.

All this reinforces the case for you to have an early word with the Chancellor about the three inter-related issues. I gather he will be returning from Leicestershire to No 11 at about 8.00 pm on Sunday, and would be happy to see you that evening if you wished. Alternatively, you could see him on Monday afternoon. Perhaps we could have a word about which option you would prefer at lunchtime on Sunday so that I can then pass a message to the Chancellor before he leaves Leicestershire.

Paul
PAUL GRAY

18 November 1988



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

POORER PENSIONERS

The Chief Secretary and I have now agreed with John Moore how best to take forward our plans to provide additional help for poorer pensioners.

As you know, this was discussed both before and during the public expenditure round this year. John Moore and Nick Scott put forward a scheme which would have provided additional income support for the over-80s and also for disabled pensioners. After discussion, it was agreed that further work should be done on the options available to us.

We have now reached the conclusion that income support is undoubtedly the simplest and most effective way of targeting additional resources on poorer pensioners. We also agree that the coverage of the new measure should be wider than just the over-80s and the disabled.

The scheme we have agreed would increase the income support paid to pensioners aged 75 and over by £2.50 a week for single pensioners and by £3.50 a week for couples. The over-80s, who already get a higher premium than other pensioners, would receive the same increases; and their special position would therefore be maintained. So would that of disabled pensioners irrespective of age: they already enjoy the over-80s premium and would receive



the new increases. The increases would be around 5 per cent over and above the rates already announced for 1989-90.

About 900,000 single pensioners and pensioner couples already on income support would gain from these changes. And nearly 1 million, with incomes above income support levels, would also gain, albeit to a lesser extent, since their entitlement to housing benefit would automatically increase as a result of the alignment of income support and housing benefit under the April 1988 reforms. In addition, an extra 60,000 would become eligible for income support and an extra 40,000 for housing benefit. This would help to address directly the concern expressed by some of our supporters about the "nearly poor" with incomes currently just above income support levels.

The full year cost would be £195 million. But implementation would not be possible at the beginning of 1989-90, both for administrative reasons and because secondary legislation will be required. We believe that October next year would be the right time to introduce the increases. On this basis, the additional benefit expenditure in 1989-90 would be under £100 million. This would not be allowed to increase our public expenditure totals but be met from the Reserve.

Now that we have agreed on the best way forward, I think there is every reason to announce our plans as soon as possible. The longer we delay, the greater the risk that unreasonable expectations will build up, not to mention the ever-present danger of a leak. And until we announce our plans, it is certain we will continue to be harried on the subject. Some delay might have been justified if we had preferred a more complex option, such as a new benefit, with a separate means test, which would have clearly needed a great deal of working up. But now that we have decided

CONFIDENTIAL



to go for the relatively simple means of adapting the existing system there is no case for delay on these grounds.

I would therefore be grateful for your agreement to the changes set out above and that John Moore should announce them during the debate on the Queen's Speech.

I am copying this minute to John Moore.

A handwritten signature in black ink, appearing to be 'N.L.' with a small horizontal line under the 'L'.

[N.L.]

18 November 1988



Social Services Committee

PG



COMMITTEE OFFICE HOUSE OF COMMONS LONDON SW1A 0AA
(01-219 5466)

Press Notice

RA

At its meeting on 26 October the Social Services Committee agreed to its Sixth Report - Public Expenditure on the Social Services. This Report will be published in typescript form at 2 pm on Monday 31 October, and copies will be available at this time in the Press Gallery, the Vote Office and from Room 316 in St Stephen's House, Victoria Embankment. Thereafter, printed copies of the Report, incorporating memoranda received by the Committee, will be published.

CFRs are not being issued for this Report and the Committee are not holding a Press Conference on its release.

However, for the benefit of those members of the Press who may wish to seek comments from Committee Members, their telephone numbers are detailed below:

Frank Field MP	01-219 6636/5193
Jerry Hayes MP	01-219 5205
Dr Lewis Moonie MP	01-219 4097
Sir David Price MP	01-219 4165
Gillian Shephard MP	0603 660606
Roger Sims MP	01-219 4404
Andrew Smith MP	0865 772893 (after 3 pm, 01 219 5102)
Rev Martin Smyth MP	01-219 4098
Nicholas Winterton MP	01-219 4402
Audrey Wise MP	01-219 5220

28 October 1988

1987-88/19

SOCIAL SERVICES COMMITTEE

Sixth Report

PUBLIC EXPENDITURE ON THE SOCIAL SERVICES

Ordered by the House of Commons to be printed
26 October 1988

To be published as HC687

The Social Services Committee is appointed under SO No 130 to examine the expenditure, administration and policy of the Department of Health and Social Security, associated public bodies, and similar matters within the responsibilities of the Secretary of State for Northern Ireland.

The Committee consists of a maximum of eleven members, of whom the quorum is three.

The Committee shall have power:

- (a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;
- (b) to appoint persons with technical knowledge either to supply information which is not readily available or to elucidate matters of complexity within the Committee's order of reference;
- (c) to communicate to any other such committee its evidence and any other documents relating to matters of common interest; and
- (d) to meet concurrently with any other such committee for the purposes of deliberating, taking evidence, or considering draft reports.

Unless the House otherwise orders, all Members nominated to the Committee continue to be members of the Committee for the remainder of the Parliament.

Wednesday 2 December 1987

The following were nominated as members of the Committee:

Mr Frank Field	Mr Roger Sims
Mr Jerry Hayes	Rev Martin Smyth
Dr Lewis Moonie	Mr Nicholas Winterton
Mr Terry Patchett	Audrey Wise
Sir David Price	Mr Tim Yeo
Mrs Gillian Shephard	

Mr Frank Field was elected Chairman on Wednesday 9 December 1987.

Mr Terry Patchett was discharged and Mr Andrew Smith was added on 20 June 1988.

PUBLIC EXPENDITURE ON THE SOCIAL SERVICES

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SIXTH REPORT

The Social Services Committee has agreed to the following Report:

PUBLIC EXPENDITURE ON THE SOCIAL SERVICES

I INTRODUCTION

1. As soon as the Committee was set up in December 1987 we decided to continue the practice of earlier Committees of looking, annually, at the public expenditure plans of the Department of Health and Social Security (DHSS) and at aspects of the Department's main Estimates. Like our predecessors, we began by sending to DHSS a questionnaire about expenditure trends. The written answers we received from the Department are being published in a separate volume¹. We held one session of oral evidence with DHSS officials on aspects of public expenditure on personal services and social security². Earlier in the session we also took evidence from the Minister for Social Security (Mr Scott) about social security issues, and in particular the introduction of the new social security system in April 1988³. Because our current main inquiry is into Resourcing the National Health Service, we decided, this session, not to seek separate oral evidence on trends in health service expenditure. We have drawn on the answers to our written questions on health matters in preparing our report on resourcing the NHS, and on some of the Department's evidence on the Health Service in preparing this Report.
2. We have been assisted in preparing this report by our specialist advisers: Professor Tony Atkinson of the London School of Economics; Mr Richard Berthoud of the Policy Studies Institute; Mr Nick Bosanquet of the University of York; Dr Steve Engleman of the University of Edinburgh and Professor Andrew Likierman of the London Business School and by the Statistical Section of the House of Commons Library.

The Public Expenditure White Paper

3. Volume II of the 1988 Public Expenditure White Paper (PEWP)⁴ is probably the last to contain, in one volume, chapters on spending plans and priorities for every government department. As part of its proposals for tailoring documents more specifically to Parliament's needs, the Government proposes in 1989 to split up the present Volume II into separate departmental volumes. Thereafter, in 1991, it is planned to move the publication of these annual volumes to March when they will appear alongside the main Supply Estimates⁵.

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1. Public Expenditure on the Social Services: Memorandum from DHSS, HC 548, 1987-88
 2. Minutes of Evidence, 15 June 1988, HC 423-(i), 1987-88
 3. Minutes of Evidence, 30 March 1988, HC 423-(ii), 1987-88
 4. The Government's Expenditure Plans 1988-89 to 190-9, Cm 288-II
 5. Financial Reporting to Parliament, Cm 375

4. In 1984, the Committee recommended that the Secretary of State consider the advantages of publishing an annual report on the work of DHSS which could include the programme budget material regularly made available to the Committee in response to its annual questionnaire to the Department⁶. We welcome the Government's plans to move in that direction.
5. When she gave evidence to us on 15 June, Mrs Bowtell, a Deputy Secretary in DHSS told us that it was envisaged that there would be a single annual report covering the whole of DHSS to replace the two existing chapters of the PEWP⁷. Since then, the Prime Minister has appointed a separate Secretary of State for Health and the DHSS has been split into two Departments, the Department of Health (DOH) responsible, we understand, for health and personal social services, and the Department of Social Security (DOSS). It is therefore now likely that separate annual reports will be published for each of the two new Departments. While there are strong arguments in favour of separating social security from health and personal social services, and we broadly endorse the establishment of the two new Departments, this will inevitably make it more difficult to scrutinise government spending plans for those policies, notably care in the community, which straddle both Departments (and indeed other Departments as well). We recommend that information be provided in the volumes containing spending plans for DOH and DOSS in such a way as to enable expenditure on community care to be clearly identified.
6. It remains the case, as the Committee stated in 1984, that by publishing the written answers to its annual questionnaire, the Social Services Committee has been acting as the Department's publisher⁸. In 1986, the Committee noted that its evidence is regularly quoted by the Government as a source of data on health and social services⁹. Mrs Bowtell told us that the Department expected to discuss the contents of its annual report with the Committee¹⁰. We propose to ask each of the two new Departments to review with us the material hitherto provided in response to the Committee's questionnaire on public expenditure and the extent to which such material could be included in the Department's annual reports.

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6. Public Expenditure on the Social Services, Fourth Report from the Social Services Committee, HC 395, 1983-84, para 72
 7. Q105
 8. HC 395, 1983-84, op cit, para 72
 9. Public Expenditure on the Social Services, Fourth Report from the Social Services Committee, HC 387, 1985-86, para 1
 10. Q107

Supply Estimates for 1988-89 and Summer Supplementary Estimates

7. We took evidence from the Minister for Health on 8 June about the Summer Supplementary Estimate for Class XIV, Vote 1, which provides an additional £538,303,000, mainly to meet the additional cost to the hospital services of the 1988 pay awards to doctors and dentists, nurses, midwives and health visitors, and professions allied to medicine. We have reported separately on these pay awards in our Third Report of this session¹¹. It is noteworthy that, even before that supplementary estimate, the original estimate for Class XIV, Vote 1, at £10,654 million, was the largest single Vote for 1988-89 and the largest, in money terms, in the history of voted expenditure. We are grateful to the Liaison Committee for agreeing to our request for a debate on the Summer Supplementary Estimate for Class XIV, Vote 1¹².

11. Third Report from the Social Services Committee; Resourcing the NHS: Prospects for 1988-89, HC 547, 1987-88

12. see HC Deb 21 July 1988, cols 1308-1342

II NATIONAL HEALTH SERVICE

Expenditure trends

(a) General

8. The Department's reply to Question 1 tells us that -

"The overall position is one of expenditure in real terms continuing to rise (reflecting the priority given to the NHS by the Government) and which, combined with better value for money, is providing more and better patient care"¹³.

We discuss the extent to which value for money or better quality patient care is being achieved more fully in our Report on The Future of the National Health Service¹⁴. According to the DHSS, spending on the NHS rose by over 33% in real terms between 1978-79 and 1987-88 and -

"on the basis of the latest inflation assumption will have risen by over 39% by 1988-89, including the recent addition of £596 million to meet the full cost of the Review Body awards"¹⁵.

All expenditure on Family Practitioner Services (FPS) was demand led to the end of 1987-88; the Government is taking limited powers in the Health and Medicines Bill to cash-limit some part of FPS expenditure in the future¹⁶. Cash-limiting of FPCs may lead to a reduction in the ability of general practitioners to relieve the pressure on hospital services. FPS expenditure increased by 4.1% between 1985-86 and 1986-87 and by 5.7% between 1986-87 and 1987-88. Expenditure on Hospital and Community Health Services (HCHS) rose in the same periods by 4.1% and 4.6% (adjusted to take account of the transfer, in 1987-88, of certain services to the HCHS programme¹⁷). Overall expenditure on the NHS rose in real terms by 4.2% between 1985-86 and 1986-87 and by 4.8% between 1986-87 and 1987-88.

(b) Hospital and community health services

9. Besides giving us information about national trends on health service expenditure, this year the Department has also provided us with some information about Hospital and Community Health Services (HCHS), broken down by Region since 1983¹⁸. In particular, Table 3.1 in the answer to Question 4 shows for the first time trends in actual current HCHS expenditure for each Region. While the

13. HC 548, Q1, para 1

14. The Future of the National Health Service, Fifth Report from the Social Services Committee, HC 613, 1987-88

15. HC 548, Q1, para 2

16. Health and Medicines Bill

17. See HC 548, Q1, para 5

18. HC 548, Q4

amount of expenditure derived from charges within each Region remained relatively constant between 1982-83 and 1986-87, there is wide variation between the regions in income from charges as a proportion of total current spending. As Table 1 shows, Oxford RHA, for instance, collected £5.9 million from charges in 1986-87, which represented 1.4 per cent of total spending, whereas the Northern Region received just 0.4 per cent of gross spending from this source. The pattern suggests that these differences may largely reflect the proportion of the population in each region that is exempt from charges. There is similar variation between regions in the sums generated from cash releasing cost-improvement programmes (CIPs), with the North West Thames Region meeting 5.1 per cent of total spending from recurrent CIPS as compared with 2.6 per cent of the Northern Region's expenditure being met from this source. To some extent this may reflect the differing impact of RAWP (the Resource Allocation Working Party formula) in that, for example, the five regions which are above or at target have been able to make relatively the greatest improvements. The increase in new cost improvements varied little between the regions, fluctuating between 0.7 and 2 per cent in the years between 1982-83 and 1986-87. The margin available for service development in each region has varied considerably between regions, and within each region, from year to year. For example, there has been substantially more than 2% of their budget available for service development in Trent in each of the last 3 years, and in East Anglia for the past 4 years. This contrasts with the four Thames Regions, whose margin available for service development in each year has varied from -0.1% (SW Thames, 1985-86) to 1.9% (NW Thames 1986-87)¹⁹. This variation would primarily appear to reflect the RAWP process, but charges and CIPs also can be seen to have some effect. In particular, other factors, such as the sheer size of the Thames Regions, the amount of plant on the ground, quality of management and the political difficulties inherent in closing old hospitals in the Thames regions may inhibit greater savings being made.

Table 1 - Selected Regional Differences 1987-88

Region	% Difference from RAWP target	Charges as % of current spending	CIPs as % of current spending	% Available for service development
NE Thames	9	1.1	4.7	1.6
NW Thames	6	1.1	5.2	1.9
SE Thames	3	1.1	5.1	0.8
SW Thames	0	0.7	3.9	1.7
Mersey	0	0.7	4.7	2.0
Wessex	-1	0.7	3.2	3.0
S Western	-1	0.6	2.8	1.8
Northern	-2	0.4	2.6	1.7
Yorkshire	-2	0.6	3.8	1.6
Oxford	-2	1.4	3.2	2.0
W Midlands	-2	0.6	3.7	2.1
North West	-2	0.6	3.6	1.9
Trent	-3	0.5	3.7	2.8
East Anglia	-4	0.9	2.9	2.9

10. On 19 July, DHSS published the final Report of its review of the Resource Allocation Working Party formula²⁰. This important report makes a number of recommendations for changes in the formula, among which are: the incorporation into the formula of a factor to reflect the social deprivation within a Region²¹; a recognition of the higher costs incurred in treating patients from other Regions and the explicit identification of the costs of cross boundary flow²²; and the introduction of an additional factor in the formula to reflect the health needs of the very elderly (over 85)²³. The effect of the

20. DHSS, Review of the Resource Allocation Working Party formula, final Report by the NHS Management Board, 1988

21. *ibid*, Chapter 2

22. *ibid*, Chapter 4

23. *ibid*, Chapter 6

review's recommendations on regional targets for 1988-89 are shown in table 8.2 of the Review's Report. The combined effect of these recommendations would be to increase the target allocation to NE Thames by 2.7% and to SE Thames by 3%. Wessex's target would be increased by 2.5% and the targets for the Yorkshire, East Anglia and South Western Regions would also rise. The target allocations for the Northern, Trent, NW Thames, SW Thames, Oxford, West Midlands, Mersey and North Western Regions would be reduced, in the case of Trent by as much as 2.3% and for the West Midlands by 2.1%. Changes are also proposed to the additional SIFT (Service Increment for Teaching) formula which seeks to protect funding for clinical facilities for medical undergraduate education from some of the effects of the RAWP formula. These recommendations are very important and should not be implemented without a full debate of their implications. We propose to take evidence on the subject in the autumn as part of our examination of the Government's proposals in the light of its review of the NHS. We recommend that no changes are made to the RAWP formula until the outcome of the Government's review has been thoroughly considered and debated in the House.

11. DHSS has recently sought to dissuade us from calculating the extent to which growth in expenditure on HCHS has been sufficient to meet increased demand²⁴. The Department does not accept that to achieve its objective of an approximate 2% increase in services, to meet demographic, technological and service pressures, a concomitant growth in resources of 2% per annum is needed. According to DHSS, other efficiency gains between 1983/84 and 1986/87 can be quantified. If unit costs had remained at their 1983/84 levels (apart from the effect of inflation), it would have cost nearly £900 million more to maintain 1987/88 service levels than was actually the case. About two-thirds of this figure was attributable to specific cash-releasing cost improvement programmes, so the Department's figure for the other efficiency gains achieved is of the order of £300 million²⁵.
12. Between 1980-81 and 1987-88 resources for HCHS have grown by 10.3% (taking into account cash-releasing cost improvements programmes) - that is, by about about 1.5% per year. To the extent that this is less than 2% per annum we believe that this represents underfunding although we appreciate that DHSS disputes the Committee's description of such underfunding as "cumulative"²⁶. Even after taking account of the extra efficiency gains

24. See Minutes of Evidence 23 March 1988, Q557ff

25. Supplementary memorandum from DHSS, HC 264-V, p.xli

26. Response by the Government to the First and Second Reports from the Social Services Committee, Session 1987-88, Cm 405, paras 2-4

identified by DHSS, which the Department acknowledges to be "a less precise and certain figure than for cash-releasing cost improvements"²⁷, and of cash-releasing cost improvements, in our view the underfunding of the Hospital and Community Health Services between 1980-81 and 1987-88 has been in the region of £1.5 billion at 1987-88 prices. These issues are more fully discussed in our reports on Resourcing the NHS²⁸.

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27. DHSS supplementary memorandum, HC 264-V, p.xi
28. First Report from the Social Services Committee, Resourcing the NHS, HC 264-I, 1987-88; Second Report, HC 264-II, 1987-88; Third Report, HC 547, 1987-88; Fifth Report, HC 457, 1987-88

III Personal Social Services

13. The information in the White Paper and in the Department's reply to Question 21 tells us very little about actual trends in personal social services. Nationally, data on current spending from 1982-83 shows real terms growth in spending by almost all local authorities²⁹ although there are huge variations on spending and four authorities (Isles of Scilly, Lambeth, Southwark and Harrow) reported a budgeted reduction in spending in 1987-88 of more than 5% compared with 1986-87. Two of these, Lambeth and Southwark, have been ratecapped since 1985-86³⁰. We asked officials whether the DHSS Social Services Inspectorate (SSI) monitored the effects of ratecapping on social services expenditure. Mrs Stuart, a member of the DHSS Social Services Inspectorate, told us -

"We have been working with the London Directors [of Social Services] this year to gather some information from them on the effects of the rate-capping ... we now have got quite a thorough picture of that"³¹

but that decisions on rate limitation are taken by the Department of the Environment -

"on general terms, rather than in relation to individual services"³².

We were disturbed to be told that in some London boroughs:

"it does seem as though some authorities are not fulfilling their statutory duties, in the case of some child care cases"³³

although officials pointed out that a number of factors might underlie authorities' difficulty in meeting their statutory obligations³⁴. DHSS forwarded to us a copy of the SSI's report on child protection services in London boroughs and a separate Report by the SSI on such services in the London Borough of Haringey. We are seriously disturbed that as many as 600 cases of child abuse reported in London boroughs had not been allocated to a social worker and at the report's conclusion that these "must represent situations of considerable risk to the children concerned"³⁵. We call upon the Government as a matter of urgency to announce measures to ensure that local authorities can fulfil their statutory obligations in respect of children at risk.

29. see HC 548, op cit, tables 21.2 and 21.3

30. HC 548, op cit, Q21, para 6

31. Q109

32. Q110

33. Q117

34. Q119-120

35. DHSS SSI, Survey of Child Protection Services in London, June 1988, para 2.11

14. Mrs Stuart pointed out that growth in social services expenditure by local authorities varied very much from year to year -

"There is a multiplicity of factors working behind these figures"³⁶

and some of the authorities identified by the Committee in 1986 as having had expenditure reductions over the previous five years, had since shown large rises in expenditure³⁷.

"One feature is that authorities may choose to log up their expenditure in one year rather than another because it affects their grant position"³⁸.

We propose, in the next session of Parliament, to complete the inquiry begun by our predecessors into the progress of their Recommendations about Children in Care made in 1984³⁹.

15. We asked how the DHSS, and the SSI monitored changes in the level of expenditure. The Social Services Inspectorate has been devising Key Indicators (KIs) on social services expenditure and activity on services for children and elderly people to bring together data from several sources⁴⁰. It is intended to issue a set of KIs, based on 1984-85 data to social services managers by midsummer 1988. We asked officials how useful information four years old will be to managers in planning the development of services. Mrs Stuart acknowledged -

"that the age of the data with which we are currently working is one of the major disadvantages"

and that

"local managers see the data as too old for their immediate purposes and, instead, use data that they have of their own"⁴¹.

It was hoped that more up to date central data would be available when a new DHSS computer system was in place. That system was expected to be operational some time in 1989⁴².

16. We asked officials whether the key indicators could demonstrate the extent to which growth in any one area matches the extra pressures on services caused by

36. Q121

37. *ibid*

38. *ibid*

39. Second Report from the Social Services Committee, Children in Care, HC 360, 1983-84; see also Second Report, Work in Progress, HC 412, 1986-87

40. Qs 123-126

41. Q131

42. Q133

increasing numbers of elderly people. They told us that the KIs include some indication of need⁴³. It is clear to that much work remains to be done before any usable performance indicators are in place. We expect the Department to keep us informed about the development and use of key indicators.

17. We also asked the Department for information about PSS capital expenditure (Table 21.6)⁴⁴. If little is known about current PSS expenditure, even less seems to be known about capital expenditure. Data available to DHSS when we took evidence on 15 June was very out of date and it was not then clear how much had been spent in 1986-87 by a number of local authorities⁴⁵. We asked the Department for a note on the reference to "leasing" in Table 21.6 and on the apparent fall in PSS capital expenditure in 1986-87 [See Appendix (P9)]. It now appears that expenditure in 1986-87 did not in fact fall. We remain puzzled about leasing expenditure, which has gone up from 2.5% of total capital expenditure in 1982-83 to 8.4% in 1986-87. Leasing expenditure of over £10 million in 1986-87 suggests a substantial capital value of the vehicles and other equipment concerned. The Department proposes (Appendix P9, para 4) in future including the leasing figures within the figures for capital expenditure: we would prefer to see separate figures for such expenditure and may seek further evidence about the reasons for leasing equipment on a large scale in our inquiry next year.
18. The Parliamentary Panel for Personal Social Services has drawn our attention to the inadequacies of revenue, outturn information provided for planning purposes by local authorities to the Department of the Environment and to the incompatible statistical returns prepared by local authorities to other services including DHSS and CIPFA⁴⁶. It is hard to see how DHSS can plan policy for personal social services nationally when they do not appear to receive complete information about local authority expenditure. We recommend much closer monitoring by DHSS of local authority PSS capital expenditure, and closer liaison between DHSS and the Department of the Environment on the planning of public expenditure on personal social services.

43. Q129

44. HC 548, op cit, Table 21.6

45. Q137

46. Memorandum from the Parliamentary Panel for Personal Social Services, P10

IV Social Security

Estimating

19. The Committee has in the past been very critical of DHSS's ability accurately to forecast social security spending⁴⁷. Q16 gives some information on progress in improving estimating procedures, in particular a move from the former methods of forecasting SB expenditure based on extrapolation of past trends to two new "structured" models, one for housing benefit and one for income support⁴⁸. We welcome these developments. The answer also refers to a "number of research studies into particular areas of expenditure" and to the long term improvements which will flow from the computerisation of social security operations - see also the answer to Q17.

The new social security system

20. In 1986 the Committee commented that -

"even before the new simplified scheme of income-related benefits is on the statute books, complications and differences between the eligibility rules for different benefits are already being introduced"⁴⁹.

Since the passage of the Social Security Act in 1986, there have been a large number of detailed changes to its provisions, including those in an amending Act, the Social Security Act 1987, before the new system took effect. No sooner had the new system come into being than the Government announced two changes to the rules relating to housing benefit.

New Social Security System - Housing Benefit, Changes to capital limit announced on 27 April

21. The old housing benefit scheme had no capital limit, though any interest earned on savings was included in the assessment of income. The old supplementary benefit scheme had a fixed capital cut-off at £3,000. Under the new scheme (original plan) both income support (the new version of supplementary benefit) and new housing benefit would be withheld if savings exceeded £6,000. Savings below £3,000 were completely disregarded. Between £3,000 and £5,999, each £250 of savings was assumed to add £1 per week to the claimant's income. This sliding scale is known as "tariff income". The government has now decided to raise the capital limit for housing benefit from £6,000 to £8,000⁵⁰. Income support will retain the

47. See Fourth Report, 1985-86, op cit, paras 63-66

48. HC 548, op cit, Q16

49. First Report, 1985-86, Reform of Social Security, HC 180, 1985-86

50. HC Deb, 27 April 1988, col 358

£6,000 limit. The reason for introducing a capital limit into housing benefit was in order to calculate both benefits on the same basis. Some claimants will now be disqualified from income support, but remain entitled to housing benefit.

22. The "tariff" on capital above £3,000 is unchanged. This means that a claimant with savings of £7,999 will be treated as though he or she was earning nearly £20 per week in interest. That is 13 per cent on the capital invested, probably more than a claimant could expect to receive in practice. Since no account is taken of capital under £3,000 or income from it, the "tariff" on capital over £3,000 is equivalent to 20.8%. The Government thus clearly expects claimants to run down their savings. The Department's estimates of the number of claimants who would lose all housing benefit at different levels of capital cut-off are as follows:

£6,000	330,000
£8,000	230,000
£10,000	180,000 ⁵¹

These estimates are acknowledged to be very rough, but they are the only figures that can be obtained. The change from £6,000 to £8,000 therefore helps 100,000 claimants, mostly pensioners. The change will add £30 million per year to the cost of housing benefit. The decision to change the limit after the introduction of the new scheme introduces administrative problems for those who lost their entitlement and then regained it.

23. We asked officials about the rationale behind treating capital or savings as a separate item in determining entitlement to housing benefit, rather than making assessments on the basis of income earned from interest on savings. Mrs Bowtell told us -

"We were anxious to put the treatment of capital in all three income-related schemes on the same footing ... we had to go one way or the other on the treatment of capital. The way in which local authorities had treated capital would actually have been very difficult for us to handle right across the income support area, because you have to deal with the varying levels of income coming from the capital"⁵².

There was also provision in the social security legislation to prevent people disposing of their capital

51. See HC Deb 30 June 1988, col 347

52. Q209

in order to claim entitlement to benefit. Mrs Bowtell acknowledged -

"It is very difficult to administer; I would not pretend that it is not ... you are doing a balancing act all the time between not making the means test so tough that you discourage people from building up savings, and trying to help the poorest. It is a matter of judgement where you put the actual limits, but I think you cannot escape the dilemma"⁵³.

24. The capital limit for entitlement to housing benefit has already been increased since 1 April. Officials were, understandably, unable to comment on whether the limits would go up again⁵⁴. Mrs Bowtell acknowledged that the long term effects of policy on housing benefit were difficult to predict⁵⁵. We recommend that the Department monitor extremely carefully the consequences of the changes in housing benefit entitlement and that research is commissioned on their effect, if any, on pensioners' willingness to save.

Marginal rates of tax

25. The Government claims that its social security reforms have considerably lessened the poverty trap - the position where low-paid workers find that an increase in earnings of £1 results in a loss in net income in excess of £1 after tax payments and benefit losses are taken into account.

"By the alignment of the income test across the three income related benefits and by using net income as the basis of assessment, we have been able to eliminate the worst effects of the poverty trap"⁵⁶

In its Report on the proposed new system in 1985-86, the Committee commented -

"It may well be that high marginal tax rates are unavoidable in a means-tested system. However, it is hard to see how the Government can reconcile this with its claim that family credit will significantly improve incentives to work"⁵⁷.

26. If a very narrow interpretation is placed on the definition of the poverty trap, i.e. low-paid workers being faced with a marginal rate of over 100%, then the Government can claim success. But this success has to be

53. Q213

54. Q215, Q218

55. Q217

56. Letter from Peter Lloyd MP, Parliamentary Under Secretary of State for Social Security, to the Chairman of the Committee, 10 August 1988

57. First Report from the Social Services Committee, HC 180, 1985-86, Para 30

qualified in a number of important respects. Below, we tabulate the "worst case" nominal and effective levels of marginal tax rates on low-paid workers, before and after the April 1988 changes.

Table 2: Marginal Rates of Tax for a Low-Paid Worker Prior to 1988

Under the pre-April 1988 system the maximum effective marginal tax rates (except at the boundary points for NIs, FIS rebates) was 109%. This was made up as follows:

	<u>Nominal rate</u>	<u>Effective rate</u>
Tax	27.0%	27.0%
NICs	9.0%	9.0%
FIS	50.0%	50.0%
Rent		
Rebates (a)	33.0%	16.5% (b)
Rate		
Rebates (a)	13.0%	6.5% (b)

Notes: (a) Above needs allowance.

(b) FIS withdrawal is taken into account in calculating housing benefit.

Table 3: Marginal Rates of Tax for a Low-Paid Worker after 1988

Under the revised system the maximum effective rate is somewhat lower, 97.03%. This is made up as follows:

	<u>Nominal rate</u>	<u>Effective rate</u>
Tax	25.00%	25.00%
NICs	9.00%	9.00%
Family credit	70.00%	46.20% (a)
Rent rebate	65.00%	12.87% (b)
Rate rebate	20.00%	3.96% (b)
		<hr/>
	Total	97.03%
		<hr/>

Notes: (a) Tax and NICs are taken into account when calculating family credit

(b) Tax, NICs and family credit are taken into account when calculating housing benefit.

27. Despite the fact that the nominal withdrawal rates under the current system are much higher than those prior to April 1988, the overall marginal tax rate faced by a low-paid family has nonetheless been reduced. This is because the Government now uses net income in the calculations. It is this change which results in a lower maximum effective marginal rate. We welcome the harmonisation of means-tested benefits by the Government and the use of net income in calculating eligibility for means-tested assistance.
28. The tables above only present half the story. While the maximum rate that any low-paid family faces has been reduced to under 100% by the April 1988 reforms, the range over which high marginal rates (over 80%) are experienced has increased. The increase in the numbers affected by high marginal tax rates under the new regime can be illustrated in a number of ways. The Government has estimated the effect of the new system on the number of low-paid taxpayers paying different marginal tax rates as follows: (also taking into account changes made in the 1988 budget);

Table 4: numbers affected by different marginal tax rates, before and after April 1988

*Combined marginal income tax and benefit withdrawal rates 1988-89
Working heads of tax units (000s) Great Britain
Numbers facing combined rates of over 50 per cent.—in bands*

<i>Per cent.</i>	<i>Families with children</i>	<i>Pre-Budget Couples and single people</i>	<i>Total</i>	<i>Families with children</i>	<i>Post-Budget Couples and single people</i>	<i>Total</i>
100	0	0	0	0	0	0
90 to 99	55	5	60	45	0	45
80 to 89	370	10	380	285	15	300
70 to 79	85	20	100	150	20	170
60 to 69	0	0	0	1	0	1
50 to 59	0	0	0	0	0	0

Source: HC Deb 25 March 1988, cols 243-244w

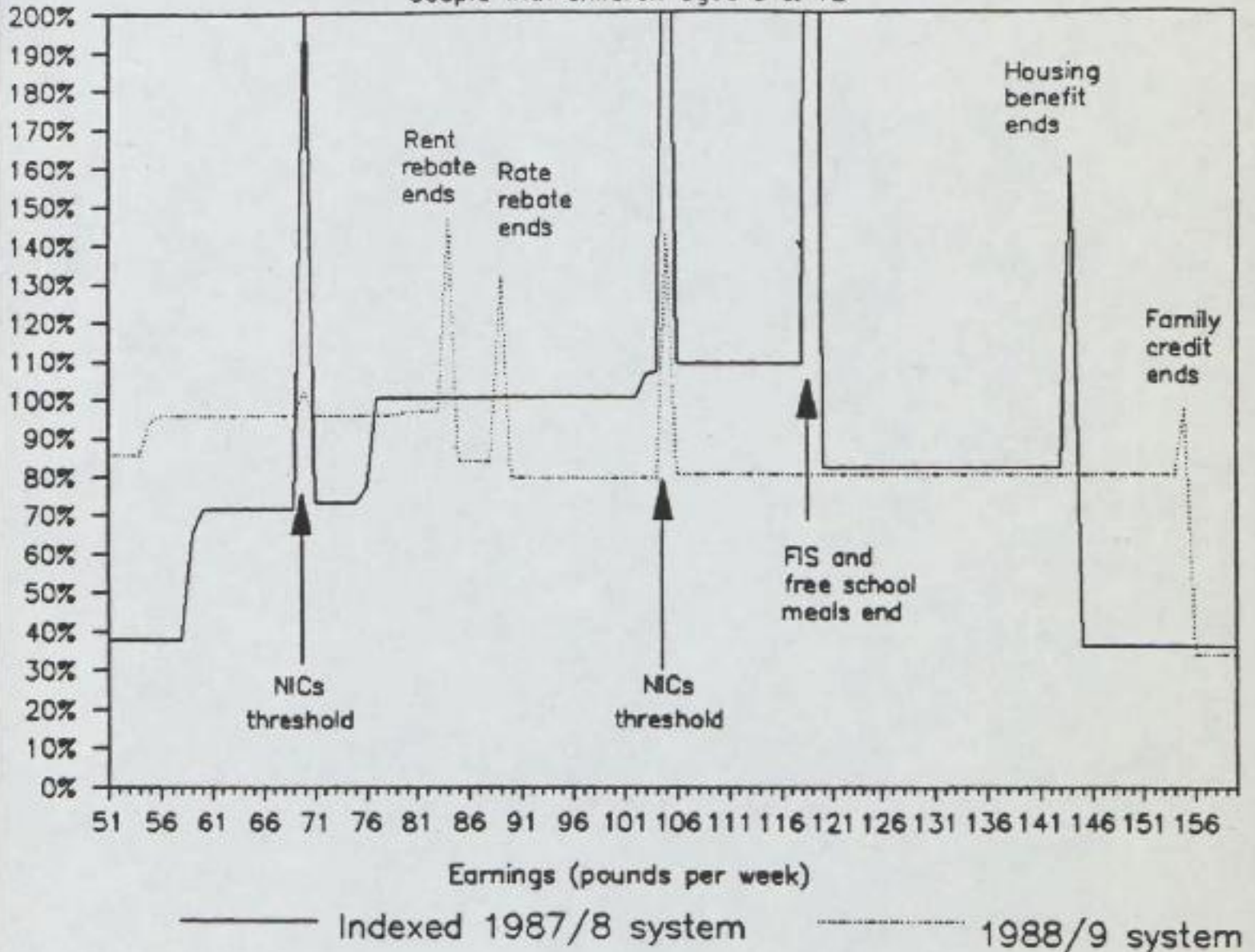
29. An alternative way of illustrating the numbers affected by different marginal rates to tax is given in the graph below. The calculations used in the graph assume a married couple with two children aged 8 and 12, with the husband's earnings being the only source of income. The family lives in a council house, has no capital, the husband pays national insurance contributions at the contracted-in rate. It is also assumed that the family has average fares to work. The rent and rate levels are national averages. It should be noted that a person may still lose more than £1 as a result of increasing earnings by £1, on account of crossing one of the NIC thresholds or of the ending of entitlement to housing benefit or family credit (as illustrated by the "spikes" in Graph 1).
30. The graph shows that the reforms have reduced the marginal tax rates paid by those people with earnings between £77 and £144 per week. However, several points should be made. Firstly, marginal rates of tax have increased for those earning over £144 a week. Secondly, and more importantly, the marginal rates experienced by those at the very bottom of the income scale, earning below £69 per week have increased significantly. Moreover, the marginal tax rates experienced by those earning between these two amounts are still very high. In a recent written answer, the Government gave details of a family with four dependent children on gross earnings of £75 per week paying average rent and average local authority rates, whose net income after receiving means-tested assistance would rise to £123.25 a week. However,

if this same family wished to increase their net income to £140.90 a week, they would need to more than double their gross earnings from £75 to £165 a week. That is, by increasing their gross earnings by £90 a week, they would increase their net income by a mere £17.65⁵⁸.

Graph 1: Effective Marginal Tax Rates

EFFECTIVE MARGINAL TAX RATES

Couple with children aged 8 & 12



Source: Statistics Section, House of Commons Library,

31. We welcome a number of the changes the Government has made. The move to a graduated national insurance contribution is, on balance, a good one. Reducing marginal tax rates below 100% is also welcomed. We acknowledge the sense in using a standard measurement of income - in this case net income - as the basis for calculating eligibility for means-tested assistance. But it would be misleading to suggest that these reforms by themselves have resulted in an elimination of the poverty trap. Low-paid workers do not now face a marginal tax rate in excess of 100%. However, Family Credit is reduced at a higher rate than its predecessor FIS, 70% compared with 50%. Similarly, rent rebates are withdrawn on an income above the Needs Allowance at a rate of 65% compared with 33% and rate rebates are withdrawn above the Needs Allowance at 20%, compared with 13% previously. As a result of these changes, the number of low-paid families facing marginal tax rates in excess of double that faced by this highest-paid income earners in the country has increased substantially. Thus the April 1988 social security reforms comprised at best only the beginnings of the process towards eliminating the poverty trap. They can in no way be said to eliminate the poverty trap itself. It could be argued that the present situation is worse than the previous one, insofar as since 1979, the Government has been trying to change the whole ethos of British society to one which responds to incentives. The least progress has been made in this respect for those low in the income scale.

Housing Benefit: new transitional payments announced on 27 April

32. People on supplementary benefit/income support were guaranteed that the cash amount of their weekly benefit would not be reduced as a result of the changes that were introduced in April. This has always been part of the plan. Much of the debate at the time of the changes was about how "losers" should be counted. The government emphasised that only 12 per cent of all welfare claimants would lose in cash terms (ie their benefit would actually go down). However, 43 per cent (or more) of claimants would lose from the structural reform (ie in comparison with what they would have received if the old schemes had carried on)⁵⁹.
33. Even in cash terms there were some losers, because there was no guarantee against loss for people not on income support, who could lose substantially from the tighter rules for housing benefit. It was to deal with these people's problems that the government introduced the housing benefit transitional payments which were announced at the end of April. People on income support are not affected. Other people who were on housing benefit before 1 April can claim special payments if their loss is calculated to exceed £2.50 per week⁶⁰.
34. Many families with children face a reduction in their housing benefit, but their new family credit will be more than their old family income supplement. These benefits will be included in the calculation of transitional payments, including an allowance for the old free school meals. One of the government's main objectives is that all claimants should pay at least 20 per cent of their rates. For those whose rates rebate exceeded 80 per cent under the old scheme, the excess will be knocked off the calculation of their transitional payments.
35. The new transitional payments are designed to compensate for cash losses compared with last year. They take no account of any increases in benefit which would have taken place if the old scheme had not been changed. In particular, any rent or rates increases that came into effect in April 1988 will be taken into account in the amount of new housing benefit, but not in calculating the level of the old benefit used as the starting point of the comparison. Any rent/rates increases this April will therefore reduce the value of the transitional payments.

59. See Minutes of Evidence, 30 March 1988, HC 423-i, Qs 7-9

60. HC Deb 5 May 1988, cols 550-551

36. The government's estimates suggest that about 300,000 claimants will be eligible for the transitional payments⁶¹. Eligibility is confined to pensioners, the disabled, widows and families with children. Another 100,000 claimants falling into none of these categories will be excluded. So will the people with more than £8,000 in savings. About 500,000 claimants are expected to lose £2.50 per week or less, and they will not be affected by the special scheme. The payments are expected to total roughly £70 million in the first year⁶². It is expected that the scheme will continue for some years.

Transitional protection -

"is not just a scheme for one year ... it will depend on people's individual circumstances as to how they slide out of it. Clearly it will continue for several years"⁶³.

We recommend that the Government make it clear, at the time of the next uprating statement, how long the transitional arrangements are expected to continue, and their estimated cost.

37. The DHSS set up a special unit in Glasgow to administer these payments. The Department will not attempt to trace eligible claimants by comparing old entitlements with new in housing benefit records, though it is open to local authorities to do this on their own initiative (and presumably at their own expense). Claimants who feel they may be entitled to transitional protection must fill in Form RR4 and send it off to the transitional protection office in Glasgow. Glasgow then contacts the local authority for details of the case (assuming the authority still has the details of the claimant's old entitlement at their disposal). The local authority then contacts the claimant for information of their claim, and then reports back to Glasgow. Only then, if the application is successful, will the claimant receive transitional protection. Thus each claimant must apply to the Local Authority for housing benefit and then make a separate application to the Department of Social Security for compensation for the reduction in housing benefit made under the new system of benefits. If both claims are successful, two separate payments will be made - one, by the local authority, and one by the Department of Social Security. There is clear potential for administrative confusion between claimants, the new DOSS unit and housing benefit offices. Mr Whippman, of DHSS's policy

61. HC Deb 27 April 1988, col 360

62. *ibid*

63. Q240

division on Income Support and Housing Benefit, told us that some claims were already being dealt with if the case appeared to be genuinely urgent⁶⁴. He told us that people "in imminent danger of losing their housing" as a consequence of changes in their entitlement to benefit, were regarded as urgent cases⁶⁵.

38. DHSS does not appear to have made any estimate of the proportion of eligible claimants who are expected to take up their entitlement⁶⁶. In view of the complexity of the schemes and of its administration, there is a strong risk of a low take-up. The Parliamentary Under-Secretary (Mr Portillo) has said that the administrative costs of these payments might be as high as £28 million (40 per cent of the benefits paid out). This appears to have been a rough estimate based on a set of worst assumptions, and officials told us that they hoped the figure would be nearer £20 million⁶⁷.
39. Mrs Bowtell told us that even if it had been decided at the outset to have some kind of transitional protection for people on housing benefit when the social security changes took effect, any scheme would have been very difficult to administer, and it would not necessarily have been cheap⁶⁸. The problems with housing benefit which were evident as soon as the new system began to operate were clearly not fully anticipated, although as Mrs Bowtell reminded us, the fact that there was to be a capital limit had been in the public domain since the initial Green Paper on Reform of Social Security in 1985⁶⁹. Although some inquiries were made by DHSS about the circumstances in which banks and building societies would give a loan against the sale of property which is difficult to sell, little systematic research appears to have been done on the impact of the changes⁷⁰.
40. Developments on housing benefit policy since 1 April 1988 underline the enormous difficulties inherent in changing over from one benefit system to another. Harmonising eligibility rules for the different elements of the new system (income support and housing benefit) is very attractive at first sight, since it should make the system more comprehensible from the claimant's point of view, and easier for the Department to administer. In practice, however, it is clearly more difficult to achieve than was originally anticipated - and may have the effect of discouraging people to save towards the costs of retirement. The Government's decision, so soon

64. Q223

65. Q224

66. HC Deb 30 June 1988, cols 351-352w; 12 July 1988, col 171

67. Q231

68. Q233

69. Q229

70. Q226

after the new system took effect, to amend the housing benefit eligibility rules, and to introduce yet another set of transitional arrangements, will we hope, mitigate some of the worst effects of the switch to the new housing benefit scheme for pensioners. Such ad hoc adjustments, however, lead to large additional administrative costs, and add to the general confusion among claimants about their annual entitlement. As yet, there is little information on the numbers of claimants who have in fact gained or lost as a result of the April changes. However, the first indications are that substantial numbers of claimants are worse off. A report from the Clerkenwell and Holloway CAB offices assessed the situation of claimants visiting the offices in March and April 1988. The report concludes:

"Our research indicates that people in the greatest need have not been helped and indeed that the majority are worse off than they were before"⁷¹.

We propose to monitor the impact of the new system in general, and housing benefit in particular, during the next session and to report further to the House next year.

Private and voluntary residential care for the elderly

41. The Committee reported in some detail in 1985-86⁷² on the growth in supplementary benefit expenditure on board and lodging payments for residents in private and voluntary residential homes for the elderly and the issue was debated in the House on 9 July 1986. Since then, expenditure has continued to rise. Table 2 shows the growth in numbers of elderly residents in residential care and nursing homes in receipt of supplementary benefit.

71. Hard Cases - Poor Law; A study of the effects of the Social Security act 1986, Heather Rainbow, Clerkenwell Citizens Advice Bureau, August 1988

72. Fourth Report 1985-86, op cit, paras 70-78

Table 5 - Supplementary benefit to people in independent residential care and nursing homes (GB)

	Expenditure £m (current prices)	Expenditure £m (Feb 1988 prices)	Number of claimants (000s)	Average payment (£pw, Feb 1986 prices)	Proportion of residents in receipt of SB (%)
Dec 1979	10	17	12	30.1	14%
Dec 1980	18	25	13	39.7	14%
Dec 1981	23	29	13	45.9	13%
Dec 1982	39	46	16	56.1	15%
Dec 1983	104	117	26	84.5	21%
Dec 1984	200	214	42	97.9	29%
Feb 1986	459	459	90	98.1	54%
May 1987	671	NA	117	104.6	NA

Notes

1. Adjusted to constant prices on basis of GDP deflator
2. Estimated. Since (i) data on residents numbers is incomplete across all care groups and (ii) the census on numbers in Residential Care Homes is at March each year while supplementary benefit receipt is recorded at December, this series is approximate only.

Source Public Support for Residential Care, DHSS, July 1987
Official Report, 29 April, col 336w

42. Table 20.2 in answer to Question 20⁷³ shows that the total number of residents in local authority homes for the elderly, and voluntary homes, has remained almost static since 1979: virtually all growth has been in the private sector. In all areas except Hackney, Southwark, Tower Hamlets, Westminster and City of London there are private homes for the elderly and all show a marked increase in the number of residents in private homes between 1983 and 1986.

73. HC 548, op cit, Q20

43. To seek to contain expenditure on Supplementary Benefit for residents in residential care, national limits were set for each category of resident in 1985. A Report on Public Support for Residential Care, by a joint DHSS/local government working party was published in July 1987⁷⁴.
44. Officials told us that although up to date information was not yet available, it was expected that the proportion of residents in receipt of benefit in 1987 was higher than the 54% in 1986⁷⁵. Officials believed that, although expenditure on these payments had increased again in 1987, there was evidence that imposing a series of national limits had had the effect of bringing expenditure under control⁷⁶. Payments for board and lodging had continued as before despite the introduction in April 1988 of income support⁷⁷. We have been told by the Independent Hospitals Association (IHA) that the present level of income support "is not now sufficient to cover costs unless changes are made, this may ultimately lead to a refusal (by nursing and residential care homes) to accept patients who are in receipt of income support" IHA is calling for an increase in the level of income support grant for patients in nursing and residential care homes of about 30%⁷⁸. Officials told us that decisions on the long term future of these payments was delayed until after decisions had been reached by Ministers on the Report by Sir Roy Griffiths on Community Care⁷⁹.
45. We suspect that no-one believes the present system of financing private and voluntary residential care is satisfactory: there have been a series of official working groups examining aspects of the problem. In particular, no attempt is made under the present system to target expenditure on need, in that entitlement to board and lodgings payments is determined solely on grounds of financial eligibility and not by any method of assessing whether the person in question needs residential care. Officials told us that recent research had shown -

"rather surprisingly and in a way reassuringly ... that in four areas it appeared that the vast majority of the people who had recently been admitted to or had entered homes did need care"⁸⁰.

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74. Public Support for Residential Care, DHSS, July 1987
75. Q144
76. Q148
77. Q146
78. Memorandum from the Independent Hospitals Association, P11
79. Q159
80. Q155

They acknowledged however that there may be good reasons for assessing the need for care, although the reasons may not be financial ones⁸¹.

"There must, obviously, be a risk that you could get to a stage where you are paying for people who did not need to be there. It looks, at the moment, as though the level of need has been such that we have not reached that stage."⁸²

46. We asked officials about the monitoring by local authorities and by the SSI of standards of care in private and voluntary homes. Mr Halliday of DHSS's Community Services Division, told us that a recent SSI report had shown that there was scope for improvement in some areas. The Department had made proposals for increasing the fees which local authorities could charge for registration of private homes to increase authorities' resources for monitoring standards and extending the number of inspectors⁸³. The new fees came into effect on 1 August 1988⁸⁴.
47. We note that the Social Security Advisory Committee has recently endorsed the concern expressed by Sir Roy Griffiths in his report on Community Care about the part played by supplementary benefit (now income support) in financing accommodation and care for claimants in residential care and nursing homes and the need for assessment of the need for non-medical community based and residential care⁸⁵. We remain concerned that there is still no coherent policy about the provision and financing of residential care for elderly people. We urge the Government to complete its consideration of the Griffiths report and on the many other reports on residential care which have appeared in recent years, and to issue, as soon as possible, clear proposals for the future basis of public support for residential care. We propose to continue monitoring policy developments in this field.

81. *ibid*

82. *ibid*

83. Q158

84. HC Deb 12 July, cols 169-170w

85. Letter from the Chairman of The Social Security Advisory Committee to the Secretary of State, dated 1 July 1988

Social Fund

48. On the day we took evidence from officials, the Government deposited in the House of Commons Library the first set of monitoring data about the working of the Social Fund. Information is given about claims received by each DHSS local office for budgeting loans, crisis loans and community care grants. Nationally, the data for the first two months indicates provisionally, that between 11 April and 31 May out of 70,000 applications for budgeting loans, 45,000 had been decided and 24,000 awards made totalling £5 million. There had been 51,000 applications for crisis loans on which 48,000 decisions had been made and 40,000 awards made at a total cost of £1.74 million. About 17,000 applications had been made for community care grants, on which 14,000 decisions had been reached and over 6,000 awards made, totalling just under £1.5 million⁸⁶.
49. By the end of May, therefore, just over £8 million of the total Social Fund budget of £142 million had been disbursed. Community care grants averaged only about £45 - we wonder how this figure compares with the administrative cost of each such grant. Officials told us that one of the reasons for this surprisingly low level of disbursement was that there had been "a great upsurge in single payments, a closing down sale" before the old benefit system ended and that there had been 400,000 outstanding single payments decision at the beginning of April⁸⁷. Clearly very little can be deduced so far and in particular, little can be known about the likely adequacy of the Social Fund budget as a whole. Officials expected "a pretty sharp pick up" in claims before long⁸⁸ and believed that an upward trend was already apparent⁸⁹.
50. The budget for the social fund in 1988-89 is not strictly cash limited, in that the vote in question, Class XV, Vote 4, is not subject to a cash limit. However, the Department's aim is to move towards cash limiting the vote in the light of experience⁹⁰. Expenditure from the Fund falls into several categories, of which the largest are budgeting loans, crisis loans and community care grants. The Supply Estimates provide for £67 million - over half of estimated expenditure on budgeting loans of £110 million - to be repaid within the 1988-89 financial year. Officials told us that the estimates had been drawn up on a number of assumptions. It was assumed that 80% of budgeting loan applicants would repay 15% of their benefit over a period of 4 months. Average budgeting

86. Q251

87. Q254

88. Q255

89. Q256

90. See Supply Estimates 1988-89, Cm 339-XV, Class XV, Vote 4, p64

loans were assumed to be £124, based on a local office survey, and the overall average repayment period (including 20% who might have difficulty in repaying as much as 15% of their benefit each month) was expected to be between 5 and 6 months⁹¹.

51. In 1984-85 the Committee commented -

"it is most important that those on the lowest level of income support should not be weighed down by debts incurred in purchasing household essentials."
92

We are somewhat concerned at the expectation that claimants will have as much as 15% of their income support payments deducted to repay budgeting loans. We note that in the Netherlands the maximum such deduction is 6% and the repayment period can be as long as 3 years⁹³. We urge very careful monitoring of the impact of the loans system including monitoring of its impact on the living standards of the families concerned and the extent to which they have to have recourse to other forms of borrowing.

52. We asked officials about the effect on the budgets of local offices if loans are not repaid as quickly as intended, and in particular, on the availability of loans later in the financial year. Officials told us -

"Clearly, if the loans do not come back at the assumed rate, then that is bound to have an effect on the amount of money available, within the budget, for the year ... This is something which we are obviously going to monitor extremely carefully, as the Fund develops; ... it may be five or six months before we can give more than a very provisional view of what is actually happening inside the Fund"⁹⁴.

We were told that at this stage local office budgets are gross budgets, not net budgets and "local offices are not actually deducting their own repayments in order to arrive at their budget"⁹⁵.

53. We are concerned that the low level of claims on the Social Fund in its initial few months should not of itself be taken as a guide when setting the estimated level of resources for the Fund in 1988-89. It will not be possible to assess the full pattern of demand on the Fund until it has been in operation for at least a full calendar year, and in particular, until its adequacy

91. Q241

92. The Government's Green Paper 'Reform of Social Security'; Seventh Report from the Social Services Committee, HC 451, 1984-85, para 56

93. S Tester, Social loans in the Netherlands, PSI, 1987

94. Qs 243, 244

95. Q245

during the winter months is known and until its effect of claimants' indebtedness becomes clear.

Independent Living Fund

54. A new trust fund, the Independent Living Fund, is being set up jointly by DHSS and the Disabled Income Group to make payments to very severely disabled persons who need extensive help to enable them to live independently and all of whose needs cannot be provided for within the new structure of benefits⁹⁶. £5 million has been allocated in the 1988-89 Estimates for the Fund, which is to be administered by independent trustees. Income from the Fund is to be disregarded when claims for income support etc are being considered⁹⁷.
55. Officials told us that although £5 million was available to the fund -

"which we are confident will be more than enough to meet the demands on the Fund"⁹⁸

the fund would be funded in line with their disbursements and the Fund was set up initially with a purely nominal capital of £4,500⁹⁹. Mr Scott told us that the long term future of the Fund would depend on decisions taken by the Government in the light of the major survey by the Office of Population, Censuses and Surveys on the nature and extent of disability¹⁰⁰, whose reports are due to be published between September 1988 and summer 1989¹⁰¹.

56. The Independent Living Fund appears to us to be a rather unusual institution - it is not, for example, comparable with the special trust set up for haemophiliacs who may contract AIDS¹⁰². It appears to be an adjunct to the Social Security system, although we note that expenditure on the Fund will fall under the Vote for Miscellaneous Health Services and Personal Social Services (Class XIV, Vote 3, Grants to voluntary organisations, now the responsibility of the Department of Health¹⁰³). The intention behind the fund is clearly commendable in that it seeks to obviate unintended hardship as a consequence of the introduction of the new benefit system. We believe, however, that the range of assistance to disabled people to enable them to live in the community should not, in the longer run, consist of a series of ad hoc awards from a variety of sources. We recommend that when the results of the review of disabled people's circumstances are complete, a more coherent structure of benefits for disabled people should be devised.

96. see Q43, Minutes of Evidence, 30 March 1988, HC 423-i

97. Q48, Minutes of Evidence, 30 March 1988, HC 423-i

98. Q269

99. Q268

100. Q43, Minutes of Evidence, 30 March 1988, HC 423-i

101. See HC Deb 12 July 1988, col 180

102. Q271

103. Supply Estimates 1988-89, Cm 339, XIV, XV, page 37

The Social Security Management Board

57. We were interested to learn of the setting up within DHSS of the Social Security Management Board, comprised mainly of DHSS officials¹⁰⁴. Mrs Bowtell told us that the board

"manages the Social Security operation. It is not a policy board ... it is very much the top structure of the social security operation"¹⁰⁵.

The Social Security operation as a whole is being considered as a possible candidate for establishment as a separate agency outside Whitehall, under the strategy set out in the White Paper "Next Steps" about the future management of the Civil Service.

58. Initially, DHSS's proposals for setting up such agencies were restricted to a proposal to establish the administration of Resettlement Units (themselves scheduled in due course for closure) as a separate agency¹⁰⁶. Since officials gave evidence to us on 15 June, DHSS has published two reports by officials on ways of improving the efficiency of the Department's social security operations, one of which includes a recommendation that social security operations should be an agency in line with the proposals in "Next Steps"¹⁰⁷ and the other recommends that a substantial amount of the work and staff currently located at DHSS London headquarters buildings should be relocated away from the South East¹⁰⁸. Mrs Bowtell told us that -

"actually moving towards an agency [for the Social Security operation] would be quite a difficult and complex task"¹⁰⁹.

We have taken evidence, in our inquiry into Resourcing the NHS, on the role and functions of the National Health Service Management Board, which is in some senses already an agency as envisaged in Next Steps. It is clear from that evidence that clear cut distinctions between management and policy are difficult to make. On 20 July, the Secretary of State announced that he had commissioned a study by officials on the most appropriate way to run social security operations and, if appropriate, the shape and form of an agency or agencies¹¹⁰. We request that the Department consult the Committee before reaching any conclusions on whether to establish the social security operation as a separate agency and on the proposed form of any such agency.

104. Qs 272-276

105. Q275

106. Memorandum to the Treasury and Civil Service Committee sub-committee from the DHSS on "Next Steps"

107. The Business of Service, Report of the DHSS Regional Organisation Scrutiny team, DHSS, June 1988

108. "Out of Town", DHSS, June 1988

109. Q276

110. HC Deb 20 July 1988, col 679w

PROCEEDINGS OF THE COMMITTEE RELATING TO THE REPORT

Members present:

Mr Frank Field, in the Chair

Mr Jerry Hayes
Dr Lewis Moonie
Sir David Price
Mrs Gillian Shephard

Mr Andrew Smith
Rev Martin Smyth
Mr Nicholas Winterton
Audrey Wise

The Committee deliberated.

Draft Report on Public Expenditure on the Social Services, proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1-51 read and agreed to.
Paragraph 52 read, amended and agreed to.
Paragraphs 53-58 read and agreed to.

Resolved, That the Report as amended be the Sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Several Memoranda were ordered to be appended to the Report.

[Adjourned to a day and time to be fixed by the Chairman.]

LIST OF WITNESSES

Wednesday 30 March 1988

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Mr Nicholas Scott MP, Mr R Birch, Mr S Hickey and Mr R Brown

(HC(1987-88) 423-i)

Wednesday 15 June 1988

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Mrs A Bowtell, Mr J Halliday, Ms M Stuart, Mrs E Woods,
Mr N Kew, Mr S Hickey, Mr M Whippman, Mr R Birch, Mrs J Firth
and Mr A Healey

(HC(1987-88 423-ii)

LIST OF MEMORANDA RECEIVED

To be published:

1. Department of Health and Social Security
2. DHSS (Supplementary)
3. DHSS (Supplementary)
4. DHSS (Supplementary)
5. Tavistock Clinic (Hampstead Health Authority)
6. Anchor Housing Association
7. Parliamentary Panel for Personal Social Services
8. Independent Hospitals Association

Published documents, and those available elsewhere:

9. DHSS (Reported to the House by the Treasury and Civil Service Committee, 25 July 1988)
10. Parliamentary Questions, Official Report, 28 April 1988 cols 253-254, and 5 May 1988 cols 550-551
11. DHSS Health Circular HC(88)43: Resource Assumptions and Planning Guidelines
12. Hard Cases - Poor Law: a study of the effects of the Social Security Act 1986, Clerkenwell Citizens Advice Bureau, August 1988

Note

The replies by the DHSS to the Committee's 1988 questionnaire on Public Expenditure on the Social Services has been published as HC (1987-88) 548.



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

cc PH

From the Secretary of State for Social Services: Security

Prime Minister 2

cc PAB

CONFIDENTIAL

REC
22.1.0

RA

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A

27 October 1988

Dear Paul

ms

SOCIAL SECURITY UPDATING STATEMENT

At today's Cabinet meeting, my Secretary of State informed colleagues of the main features of today's updating statement. The enclosed note sets out some extra detail. It is to be noted that the final section of the annex deals with housing benefit transitional protection on which the proposals will not be made public until tomorrow.

I am copying to the private secretaries of all members of the Cabinet and to Trevor Woolley.

Yours,
Stuart

STUART LORD
Principal Private Secretary

THE 1989 UPDATING OF BENEFITS

1. This note sets out the main elements of the 1989 updating. Annexed to it are technical notes on the RPI error and transitional protection.
2. This year's updating comprises six main elements:-
 - * General updating, including compensation for the error in the Retail price Index (RPI);
 - * Adjustment to Income Support rates for the community charge;
 - * Special help for families through increases to child allowances in Income Support, Family Credit and Housing Benefit;
 - * More help for disabled people;
 - * More help for heating in cold weather.

General Updating and the RPI error

3. Contributory benefits (eg retirement pensions) and other non-income-related (benefits for the disabled, war pensions) will be updated by:

either 5.9 per cent (the price movement indicated by the published RPIs in September 1987 and September 1988).
or using actual price movements (ie adjusted for the RPI error) since the last correct benefit rate in July 1986. This method is explained in detail in the Annex to this note.

We shall pay whichever is the higher figure from the two calculations.

Basic retirement pension increases:

Single person: from £41.15 to £43.60

Married couple: from £65.90 to £69.80

4. (a) Income-related benefits will as usual be updating by the movement in the published RPI excluding Housing Cost - 4.7 per cent.
- (b) There will also be some compensation for the RPI error. These benefits were restructured last April and the rates were newly determined then. The level of prices was one of the factors, but only one, which we took into account in setting those rates. So we have given pensioners, the sick and disabled a little extra over and above the 4.7 per cent at a comparable level (ie 5p) to the special increases going to contributory benefit recipients.

Community Charge

5. The community charge will be introduced in Scotland next year, and in England and Wales from April 1990. The position in Northern Ireland is still being considered.

6. Income Support rates already contain an element to help recipients meet their liability to contribute to domestic rates. From April 1989 there will be a once-and-for-all adjustment to this, so that it compensates recipients for their contribution to the community charge when it is introduced and meanwhile acts as compensation for the contribution to the rates in England and Wales.

Single person under 25:	£1.15	
Couple	: £2.30	
Single person over 25 :	£1.30	(ie contribution they are currently receiving: a generous settlement).

This approval compensates all those on Income Support for their average community charge liability and gives substantially more than that to the majority.

Help for families

7. Child benefit uprating would not help:-

(a) families on Income Support - it counts as income in the assessment for Income Support;

(b) families claiming family credit - the increase in rates would have been less if Child Benefit goes up.

In addition, other families on Housing Benefit would receive only a small fraction of the increase in Child Benefit.

8. This year we are taking two steps:-

(a) A prices uprating of the child allowances in Income Support, Family Credit and Housing Benefit, based on the published movement in the RPI. Cost: £135 million.

(b) An extra 50p to all child allowances - cost: £70 million.

So family credits for a family with a child under 11 will increase by 9.3 per cent, compared with the prices uprating of only 4.7 per cent.

9. This approach:

- * targets resources more effectively;
- * directs over £200 million to some 3 million children in the poorest families;
- * will encourage those who so far have not claimed Family Credit.

Disabled people

10. The upper age limit for Mobility Allowance increases from 75 to 80. This is an interim measure pending our consideration of the series of reports on the OPCS survey of disabled people.

11. There will be more money for Motability, the scheme to help disabled people buy cars. The Government and the clearing banks are each putting £5 million into a trust fund. The income from that will increase five-fold the money that Motability can spend each year. The extra help is particularly intended for the more severely disabled people who need a specially adapted vehicle.

Heating in cold weather

12. This scheme has been acknowledged as a good one in recent press reports.

(i) There are two improvements:-

(a) A change in the rules for the period over which temperatures are measured. Instead of 7 days starting on a Monday, it will be any consecutive 7 days;

(b) More allowance for children. At present, families with children under 2 are eligible for payment: the age will be raised to under 5.

(ii) These improvements could double expenditure on this scheme if we have a cold winter.

ANNEX

The Error in the RPI

1. We are using a 'best of both worlds' approach. Two calculations were made:

a. Current rates were uprated by the increase in the movement of the published RPI between September 1987 and September 1988 - 5.9 per cent.

b. Notional 1989 rates were calculated as follows:-

Stage 1: July 1986 rate x 2.2 per cent (the adjusted increase in RPI January 1986 - September 1986). This gives a notional April 1987 rate.

Stage 2: Notional April 1987 rate x 4.3 per cent (the adjusted increase in RPI September 1986 - September 1987). This gives a notional April 1988 rate.

Stage 3: Notional April 1988 rate x 5.7 per cent (the adjusted increase in RPI September 1987 - September 1988) = notional 1989 rate.

2. The notional rates have to be calculated in stages because each stage involves a rounding. Some benefits eg Married Women's Pension were not affected by the RPI error, because of the way the roundings went. For these, if we had simply used the notional path the benefit would have been 5p less than if we had used the 5.9 per cent increase.

3. The published RPI movements were:-

January - September 1986	2.1 per cent
September 1986 - September 1987	4.2 per cent
September 1987 - September 1988	5.9 per cent

At stages 1 and 2, the adjusted RPI movement is higher than the published rate because the published figures understate the movement in prices. At stage 3 the adjusted RPI movement is lower, because although the September 1987 published RPI understates the movement in prices, the September 1988 published RPI takes account of the earlier error. The movement between these last two published indices is therefore higher than the actual movement in prices.

Transitional Protection (TP): Income Support

4. Some 4¹/₂ million people received transitional protection so that they did not lose when we reformed the benefit structure. Following the uprating:-

*97 per cent of all pensioners will receive an increase.

*87 per cent of pensioners in receipt of Income Support get an increase. Less than 15 per cent will be left with TP.

*95 per cent of sick and disabled people in receipt of Income Support get an increase in benefit. Only 5 per cent will continue with TP.

*97 per cent of all families with children will receive some increase. 5 per cent of lone parents and 1 per cent of couples with children will continue to get TP.

Transitional Protection: Housing Benefit - To be announced Friday

5. This TP scheme was set up to help contain groups who experienced substantial cash losses as a direct result of the Social Security Reforms - pensioners, widows, sick and disabled, lone parents, families, war pensioners. Payments can be made to people where the difference in cash help arising from the reforms is more than £2.50 ie people losing £3 would get an extra 50p.

6. When I announced these special arrangements for transitional payments of Housing Benefit last April, I made clear that they would be phased out as other benefits are increased. The aim is to do this in as simple a way as possible whilst still ensuring that recipients who rely on Social Security Benefits for their living expenses do not suffer an overall loss. Payments will be reduced by a flat £2 a week for most recipients, with special arrangements for a small number of people on Social Security Benefits to avoid cash losses. So generally anyone getting help of £2 or less now would get nothing next year.



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

6(a-h)

From the Secretary of State for Social ~~Services~~ Security

Prime Minister

Just received. Any comments
you want passed on.

RHL6

26/10

SECRET

Paul Gray Esq (copy not)
Private Secretary
10 Downing Street
London
SW1A

26 October 1988

Dear Paul

SOCIAL SECURITY UPDATING STATEMENT

I enclose a copy of the draft of my Secretary of State's
statement.

Yours,

Stuart

STUART LORD
PRINCIPAL PRIVATE SECRETARY

DRAFT 26/10/88

SECRET

SOCIAL SECURITY BENEFITS UPDATING STATEMENT

With permission Mr Speaker, I wish to make a statement about the updating of social security benefits. The necessary statutory instrument, which will bring my proposals into effect, will be laid before both Houses and debated shortly. Updating will take place for most benefits in the week beginning 10th April next year, the first full week in the tax year. The provisions will apply in both Great Britain and Northern Ireland.

This year I have more increases than usual to announce. I am varying some of the increases to target them better on those who need them most. And I am pleased to announce some additions to some benefits to ensure that nobody will in future lose from the correction of the calculation error discovered in the RPI last year.

I propose to concentrate on the main features: I have set out the details in a full schedule which is now available in the Vote Office and which with permission Mr Speaker I shall publish in the Official Report.

The social security budget is huge: nearly £50 billion a year, almost one-third of all public expenditure. The increases I am announcing today amount to more than £2 billion. It is thanks to the growth in the economy and to the success of our economic policies that we are able to afford to bring this substantial help to pensioners, disabled people and to families on benefit. It is right that we should continue to help in this way everyone who needs that help. But it is equally right that we should continue to target this massive expenditure, to ensure that it is concentrated to best effect, on those who need it most.

I should like to make it clear that this is where my priorities lie, in carrying forward the policies which I began last year, of re-directing increases within these large sums, to be most helpful to those in most need of help and to stimulate the proper responsibilities and personal efforts of those who do not need to rely on benefit.

Contributory and similar benefits

I start with the main rates of contributory benefits and benefits for war pensioners, disabled people and others. The retail prices index published on 14 October showed an increase in prices over the 12 months to September 1988 of 5.9%. But the RPI was subject to an error which was corrected during this period. This increase of 5.9% corrects the error which was made earlier in the RPI. That is, 5.9% includes both the correction for the error and the rise in prices since then. But to make quite sure that benefits are uprated by at least as much as they would have been if the error had not occurred, they will be uprated either by the published figure of 5.9% or by the amount arrived at by recalculating the benefit from the last correct rate in July 1986 using the actual movement in prices since then, whichever figure is the higher. I should like to emphasise that: we shall pay whichever is the higher figure from the two calculations which we have done for each benefit. If we had not done this pensioner couples for example would, using recalculated figures for past upratings, have been 5p a week worse off. This approach more than fulfills the promise which my rt hon Friend the Minister of State gave to the House last December, when the error was discovered. On top of the special payments of over £100m, already made to pensioners and others earlier this year, I am now putting the benefit rates right for the future in the most favourable possible way. I am placing in the Library of the House full details of all the rates, and of all the calculations needed to carry out our intention to adopt a "best of both worlds" approach.

d

The basic retirement pension for a single person will thus rise by £2.45 a week, from £41.15 to £43.60, and for a married couple by £3.90 a week, from £65.90 to £69.80. Pensioners' total incomes, including their occupational pensions and savings, have grown steadily since 1979, by over 23 per cent on average in real terms compared with a miserable rate of 0.6% a year between 1974 and 1979. After allowing for inflation, pensioners' incomes have increased twice as fast as those of the population as a whole between 1979 and 1986. A range of Government policies have played their part in this record, and it is one of which we, as a Government, are proud.

Income-related benefits

I turn now to the income-related benefits. I restructured these benefits last April in a simpler scheme with new rates which is already proving much easier to understand and operate. I propose to uprate these benefits in the normal way by the published movement of prices less housing costs. In addition, in recognition of the error in the RPI, there will be further increases for pensioners, disabled people and families comparable to those for people on contributory benefits.

Overall these measures to take account of the RPI error will cost some £10m more than simply uprating by the published indices.

Public Sector Pensions

Public service pensions will be increased by 5.9%.

Community charge

We are making a once and for all adjustment to income support levels to help meet the minimum 20% contribution which recipients will have to make to the community charge. This will also provide help for the rates liability which recipients in England and Wales will face next year. To this end we are including £1.15 a week for single people under 25 and £2.30 for couples. I am leaving the figure for single people over 25 at £1.30, since that is the assistance they are currently receiving towards their domestic rate liability. This large group will thus be more than compensated over the longer term - a more than adequate settlement.

Social Fund

I wish to say a word about the operation of the Social Fund, also part of last April's reforms. I would like to pay tribute to social security staff for their splendid contribution to getting this innovative scheme under way. Contrary to the scaremongers who said that our offices would be swamped and unable to cope, expenditure on some items - while increasing - has not yet reached the levels which we first estimated. There have been alarmist allegations that we would cut budgets for next year. I am doing no such thing. I am taking the responsible approach that my hon Friends will expect. Despite the suggestions that the budget for this year will not be spent, the gross budget for next year for Great Britain will be just over £200 million, the same as it is for this year. A separate announcement will be made concerning Social Fund provisions in Northern Ireland.

Family benefits

Before I come to the other increases I wish to announce hon Members will expect me to say something about child benefit. I have never made any secret of my belief that this benefit is not the most effective use of social security resources. It is paid to virtually every family in the country, no matter how large their income, at a cost of over £4 1/2 billion this year, a tenth of all benefit expenditure on social security. Furthermore, if we were to uprate it across the board, most of the money would go to better-off families, including the very wealthiest. The poorest - those on income support - would gain nothing from the child benefit increase. Neither would those claiming family credit. That would be perverse targetting in the extreme.

I have decided therefore, to continue my policy of last year to leave the child benefit rate unchanged and to direct help instead where it is most needed, to the lower income families with children. I propose to put substantial additional resources into the benefits going to those families. I have already said that there will be a prices uprating of the child allowances in income support, family credit and housing benefit. That uprating will cost £135 million. But on top of that I am adding an extra 50p a week to all these child allowances. This will cost an additional £70m. The result is that we shall be directing over £200m to the greater benefit of some 3 million children in lower income families. These families will clearly be better off than if we had simply uprated Child Benefit. The rates for some children - those under 11 - will go up by as much as 9.3% well in excess of a simple uprating.

I know that some of my hon Friends have expressed concern about the position of families on low incomes. Unlike other parts of the benefit system, such as income support, when it comes to helping working families with children there is no cut off point at low income levels. Family credit goes well up the income scale, for example to those earning £9300 a year with 2 children aged 12 and 14, and even higher in some cases. I firmly believe that it is better to target resources in this way than to improve child benefit for all including those on the highest incomes.

More help for disabled people

I have further increases to announce, for disabled people, the elderly and families with young children. This is the 10th Anniversary, Mr Speaker, of Motability, the scheme set up to help disabled people to obtain cars on favourable terms. The scheme has been extended and has a fine record of success. It is now helping 60,000 people. I am pleased that this anniversary has been marked by the grant in May this year of a Royal Charter. I am very glad to announce today that the Government will be contributing £5m to a special trust fund which is being set up to celebrate the anniversary. Motability is a joint venture between Government and the private sector, and the clearing banks also will be contributing £5m. These new funds will increase five fold the money available for Motability to spend each year, and in particular will in future provide extra help for the more severely disabled people who need a special adapted vehicle.

I shall also be bringing forward legislation to extend the upper age limit for mobility allowance from 75 to 80, as an interim measure pending our consideration of the series of reports on the OPCS survey of disabled people. All this is good news for disabled people.

More help with heating in cold weather

Finally Mr Speaker I propose useful and what I hope will be welcome improvements to the very good scheme we already have for giving help during periods of very cold weather to pensioners, disabled people and families with young children on income support. First, I am changing the rules for the period over which temperatures are measured. This will in future be any consecutive seven days, and not limited to seven days starting on a Monday. Secondly, I am raising from 2 to 5 the age below which a child can make a family eligible. That will extend the scope of the scheme to nearly half a million more families. I shall be amending the regulations recently laid before the House to include these improvements which, taken together, could double expenditure on this scheme. It will be extra money well spent.

Conclusion

Mr Speaker this is an uprating which directs massive resources to where they are most needed. My proposals amply fulfil our pledges to pensioners and others who receive long-term benefits. They provide substantial extra help to families on low incomes and to disabled people. And, with other measures which I shall be bringing forward, they encourage those who are able to do so to support themselves and their families. Some 16 million pensioners and others in all will benefit, at a total cost of over £2 billion. That is the full measure of the success of this Government.

Ref. A088/3129

PRIME MINISTER

Prime Minister
Does not take
account of our
conversations during
the evening.

Child Benefit

REC 6
26/10

The Secretary of State for Social Security will mention under Parliamentary Affairs or Home Affairs that later in the day he will make the usual statement about next year's benefit uprating. This will announce that pledged benefits will rise in line with prices. But, subject to Cabinet agreement, it will include the controversial decision to freeze the value of Child Benefit for the second year in succession.

2. The agreement between the Secretary of State and the Chief Secretary on the social services programme provides a reduction below baseline in the first year, largely because of the fall in unemployment. The effect of this is however almost offset in that year by the effect of estimating changes, more rapid inflation and higher housing benefit payments resulting from higher rents. The adverse effects grow in later years and produce big net additions to baseline.

3. The Secretary of State has, subject to the agreement of colleagues, found savings from policy changes of which the most important is a freeze in Child Benefit, saving some £200m a year. The poorest will however be protected. The existing rules for family credit and income support mean that recipients of those benefits will not suffer from the freeze. In addition they will receive increases of 50p a week in the child credit in family credit and the child allowance in income support, at an extra cost of some £70m a year.



SECRET

4. You will probably not want to encourage discussion of the decision on Child Benefit or of the general outcome on the social security programme. The Chief Secretary is anxious that there should be no leak of this outcome, and in particular of the scale of the reduction in expenditure resulting from lower unemployment.

R.R.B.

CONFIDENTIAL

ROBIN BUTLER

Cabinet Office
26 October 1988

SECRET



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social ~~Services~~ Security

9
4(a-h)

Revised 1-8-88
We spoke.

SECRET

Paul Gray Esq (copy no 1)
Private Secretary
10 Downing Street
London
SW1A

PLCC

Notes

26 October 1988

Dear Paul

SOCIAL SECURITY UPDATING STATEMENT

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Yours,

Stuart

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DRAFT 26/10/88

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CONFIDENTIAL → FA CCPABFROM: CHIEF SECRETARY
DATE: 18 October 1988

PRIME MINISTER

SOCIAL SECURITY

Further to our conversation this evening, I thought it might be helpful if I were to outline the kind of scheme we could consider. It is essentially the scheme which Nick Scott put forward earlier this year in his minute to you of 8 June.

2 The aim would be to direct additional resources to pensioners who are over 80 or disabled and who are dependent on the basic benefits. There are over 1 million pensioners in these categories receiving income support and/or housing benefit. Under the scheme, we would increase the income support premia for people in these groups by an extra £2 for single pensioners and £3 for couples. These amounts would be in addition to the normal uprating of their income support to reflect inflation. Thus the total increases we would announce (to take effect next April) would be over £4 a week for single claimants and over £6 a week for couples.

3 DSS have costed these proposal at around £75 million in the first year, rising to about £85 million in the second. I understand the changes could be achieved by regulations.

4 In other circumstances, I might have preferred to delay an initiative to help poorer pensioners until the next Survey, with implementation in April 1990. And there are some disadvantages in moving now on these particular proposals. First, the scheme would not help those non-disabled pensioners under 80 who have retired with little SERPS or occupational pension entitlement. There are 1½ million in this group on income support, and a further 2½ million on housing benefit. Second, announcing extra help for

Prime Minister
Helpfully amplifies the proposal. You will want to note X, but the scheme still looks very attractive in the circumstances. Reeb

Attached
- see
top of
p. 4.
Reeb

X

CONFIDENTIAL

the disabled now rather anticipates one of the options we would have considered next year in responding to the OPCS Survey. So if we go ahead with the scheme, we must extract maximum credit for it.

5 However, despite these drawbacks, the scheme has considerable attractions and would help to show that our policy of targetting benefits on those in need is actually a very positive one.

6 I believe in all the circumstances we could now proceed with this scheme immediately and refine it next year.

7 I am copying this minute to the Chancellor.

Cam: Evans

JOHN MAJOR

(Approved by the Chief Secretary
and signed in his absence)

Copy No. 6 of
6 copies

3

10 DOWNING STREET
LONDON SW1A 2AA*From the Private Secretary*

13 June 1988

Dear Nick,

CHILD BENEFIT

The Prime Minister was grateful for your Minister's minute of 8 June.

I should be grateful if you and copy recipients could ensure that this letter is shown only to named individuals, with numbered copies, on a strict need to know basis.

The Prime Minister does not believe it would be consistent with the Manifesto and other commitments to remove entitlement to child benefit from the better off during the lifetime of this Parliament. She considers the question of whether or not child benefit should be uprated in 1989 should be looked at by DHSS and Treasury Ministers as part of this year's Public Expenditure Survey discussions.

I am copying this letter to Geoffrey Podger (Department of Health and Social Security), Jill Rutter (Chief Secretary's Office) and Murdo Maclean (Chief Whip's Office).

*Yours,
Paul*

(PAUL GRAY)

Nick Bromley, Esq.,
Office of the Minister for Social Security,
Department of Health and Social Security.

PRIME MINISTER

CHILD BENEFIT

Mr. Scott's minute of 8 June fulfils the remit to set out DHSS and Treasury thinking on the future of child benefit in more detail.

The position reached is that:

DHSS Ministers argue that it would be politically defensible to withdraw child benefit from the better off - say, those of incomes over £25,000 or £30,000. But Treasury Ministers think this would be difficult ^{impossible} to reconcile with the manifesto; I also see difficulties in relation to the introduction of independent taxation in 1990.

Treasury Ministers instead favour continuing the freeze on child benefit into 1989. But DHSS Ministers have grave reservations about that.

You will want to consider whether to intervene in the discussions at this stage, and if so, whether by acceding to Mr. Scott's wish for a meeting or by correspondence. Given the extent of DHSS's estimated bids in this year's PES, you will presumably not want to preclude what defensible scope there is for the Treasury to look for savings in the DHSS programme.

As noted above, the Treasury's opposition to withholding child benefit from the better off has two strands - the link with independent taxation as well as their views about existing commitments. I imagine the Chancellor is concerned that it could fit oddly with independent taxation simultaneously to introduce a review whereby a couple's income was assessed jointly for the purpose of eligibility to child benefit. But I am not sure this in itself need be a major problem; eligibility to all other types of social security benefits will continue under independent taxation to be assessed on

joint incomes.

You may like to approach the issue by considering the following questions:

1. Do you think removing entitlement to child benefit from the better off would be defensible? (I have flagged the previous commitment at the end of Mr. Scott's minute).

Drop this Pauline

2. If you regard it as indefensible, do you want further work stopped on this option?

It could only be applicable to the manifesto for 1991-2.

3. Are you content to leave open for the PES discussions the question of whether child benefit could be uprated in 1989?

Yes

4. Do you want a meeting with Treasury and DHSS Ministers (bearing in mind the diary pressures over the next few weeks)?

for PG *Evechhler*
Duty Clerk

Not really
me

10 June, 1988.



CCPAS 1

MS0183t

COPY NO 1

PRIME MINISTER (Copy No 1)

CHILD BENEFIT

Following the meeting with backbenchers on 17 May, I agreed to set out our thinking on child benefit in more detail, bearing in mind specifically the implications of our manifesto commitment. I think it is important to do so in the wider context of our approach to social security during the rest of the current Parliament.

In the 1987 Public Expenditure Survey we agreed with Treasury Ministers that £44 million should be saved by a less than full uprating of the benefit in 1989; but that, at the same time, we should look at the longer term structure of the benefit. The background to this is our need to continue, where possible, the emphasis in the reformed structure on placing resources where they help to meet the greatest financial needs. Despite the great and increasing size of the social security budget we shall undoubtedly come under growing political pressure to do more for particularly vulnerable groups. This means looking where we can for public expenditure savings in existing benefits to pay for such improvements. These are increasingly difficult to find in a way acceptable to our supporters. Frankly, child benefit is the only area where significant savings look possible now, but the difficulty of making them has been well illustrated by the opposition stirred up in Parliament by last year's freeze in the rate, and by the consequent suspicion about our further intentions. To counter this, you have recently reaffirmed our manifesto pledge. We clearly have a pressing need to put our policy on child benefit back on to a clear and public longer-term basis which we can justify to our friends in the House and outside, and to the country at large.



Since last autumn, officials from DHSS and Treasury have therefore been looking at longer-term possibilities and I attach a note summarising the options they have identified (other than to do nothing). Clearly there can be no questions of withdrawing child benefit from the great run of families, including those of particular concern to Timothy Raison and his friends, ie those who are above the income support or family credit level but who are by no means particularly well-off. But there is much less to be said for continuing to pay child benefit on an universal basis, even to families which most people would regard as quite adequately off and well able to meet their family commitments in full. Many such families have enjoyed significant improvements in living standards over recent years and the most well-off will, of course, be keeping considerably more of their own money as a result of successive budget tax changes, particularly the most recent. I see little real social or political justification for continuing to pay child benefit to such families, particularly when there are other, much higher priority groups in need of any resources which could be spared.

Consideration has therefore been given to the possibility of withdrawing child benefit from families with relatively high income (from both partners) - above say £25,000 or £30,000. A £30,000 family cut-off would only affect around 4-5 per cent of families but could save around £180 million in current terms; more, by the time the change was introduced. A £25,000 family income cut-off would affect less than 10 per cent of families but could increase the savings to perhaps over £300 million.

A change of this kind has many attractions. At their meeting with you, Timothy Raison and the other backbenchers recognised that it was not easy to justify paying child benefit to those on higher incomes, particularly when they had benefited so much from tax cuts. They appeared to be more sympathetic to some kind of clawback from the better off than to further across the board erosion in the value of the benefit, affecting middle income as well as prosperous families. Any move from universality would, of course, be criticised; but a cut-off at, say £30,000 ought not to be too hard



to defend. It would certainly put the Opposition in a curious position, were they to emerge as strong defenders of the group they usually define as the "wealthy". The earliest that it could possibly be implemented would be 1990 (probably in the Autumn). This would avoid likely election years and would give some flexibility, at a sensitive time, both to contribute to reducing public expenditure and to do more for those in particular need.

But while I am very much of the view that in principle this kind of option is the right way forward on child benefit, the prior question is whether it could be seen as consistent with the Manifesto pledge. I have consulted John Major. His view is that this would not be the right time to pursue the possibility of means testing. It would be difficult to reconcile with the manifesto commitment and with the introduction of Independent Taxation in 1990. I agree that such a change would be exceedingly difficult to present as anything other than a modification of that pledge. On balance, however, I would prefer to bite this particular bullet now; to achieve significant savings and use some of the proceeds to achieve desirable enhancement elsewhere in the system in time for the next General Election. The decision, however, is essentially political but whatever we decide to do now we will have to take a view about the future, not least because of the sensitivity of all this in the House; a sensitivity that can only increase as the life of this Parliament proceeds.

Were we able to proceed with this change I would see it as enabling us to meet the cost of specific and early measures for pensioners in particular need. For pensioners in general, we can point to the growth in occupational provision and SERPS; but there are significant numbers of older pensioners, and those who are sick and disabled, who are dependent solely on the basic benefits. They are also, of course, a group who suffered particularly badly from the undermining of savings through inflation during the 1970s. Following last month's changes we are already under pressure to do more to recognise the special needs of such people and these pressures may well become stronger as the next election approaches. It will be increasingly difficult politically to justify merely protecting such pensioners against prices when the living standards of much of the rest of the community are rising significantly

NP

Not
of course
the
manifesto

Not - it
is a
matter
of
integrity



faster. For these reasons, I believe there is a strong case for action now to increase the income support premiums to give an extra £2 (single) or £3 (couple) to disabled pensioners and those over 80. This would help over a million people at a cost of around £90m. Accordingly I have bid for this in the current Public Expenditure Survey.

We also need to consider in this context the outstanding commitment to save £44 million in 1989 by a less than full uprating. This commitment was made, of course, in the context of looking at the longer term future of the benefit. If we do abandon, for the present, the notion of a more fundamental change, I would have grave reservations about proposing another less than full uprating following the recent strong opposition in Parliament, not least by our supporters. However, the Chief Secretary believes that, rather than means testing, it would be preferable to maintain the current level of child benefit in cash terms and to consider deploying some of the savings to help poorer pensioners (probably those without any significant SERPS entitlement). John Moore and I cannot however support this, as this trade-off would be more difficult to justify politically than the argument we used this year when we could point to the substantial extra resources being put into the new benefits for less well off families with children. We therefore think that there should be a full uprating of child benefit in 1989 and have included a bid for this in this year's Public Expenditure Survey.

We propose to pursue both issues (a full uprating of child benefit and assistance for poorer pensioners) with John Major in the PES discussions over the next few months. But in view of the extreme political sensitivity of the issues - not least with our own supporters - and the pressures for more definite assurances which we can all expect to face over the next couple of months, you may find an early preliminary discussion of the main issues useful.

I am copying this to John Major (Copy No 2), and David Waddington (Copy No 3).

MS

8 June 1988

NICHOLAS SCOTT

CONFIDENTIAL

CHILD BENEFIT

Background

1. Child benefit was last considered on a comprehensive basis as part of the social security review exercise. The Green Paper on Reform of Social Security (1985) concluded that there was no need to change the benefit; it had a continuing role in its current form as a recognition of the additional costs incurred by all families in bringing up children. The 1987 election manifesto contained the pledge that 'child benefit will continue to be paid as now, and direct to the mother'. Public statements by Ministers at that time and since are at the Annex.

Problems with child benefit

2. The universal nature of the benefit means that it is expensive. All 6.7 million families receive it (in respect of around 12 million children). This will cost £4.5 billion in 1988/89 (10 per cent of the entire social security budget). It is however ill-targetted in the sense that the wealthiest families receive the same level of benefit as those on modest incomes. Poor families, receiving income support or family credit, see no real benefit as child benefit is taken into account in calculation of those benefits. The case for continuing to subsidise all families, including the wealthiest, is weaker now that those at the top of the income scale have done so well from recent tax changes.

3. This year's freeze on the rate of child benefit, and the partial freeze in the 1985 uprating, have helped to slow the growth in expenditure. However freezing of the rate is an unsatisfactory measure. It does not help to improve targetting: on the contrary, families on modest incomes experience the same drop in its value as everybody else. (The poorest families receiving income related benefits are protected). Further, although freezing is consistent with the letter of the manifesto pledge it is widely perceived as contrary to its spirit.

Possible options

4. The need to put child benefit on a more sustainable long term basis has led to consideration of possible options for the future. The range of options falls into three groups

(a) further freezes or reductions in the rate;

(b) bringing the benefit into taxation;

(c) removing it from better-off families (eg families whose income was above £25,000 or £30,000 annually).

All these options, except a freeze, require primary legislation.

5. The first two of these appear unsatisfactory for a number of reasons. Technically further freezes or partial cuts are consistent with the manifesto pledge but would mean

- all families (apart from those on income related benefits) would lose and the losses would be experienced directly by the mother;
- no real improvement in targetting: modest income families would suffer proportionately greater losses than wealthy ones;
- more low income families eligible for income related benefits.

6. Taxation would:

- increase "churning";
- increase the tax burden of families, bringing some into tax for the first time.

In addition, the introduction of independent taxation of husband and wife in 1990 would raise difficult questions about whose income child benefit is. (If the wife's, then the non-earning wife of a very wealthy man might still be able to receive her benefit free of tax.)

7. The third option - removing the entitlement of well-off families - is more attractive because

- most families would continue to receive child benefit (paid direct to the mother and non-taxable)
- targetting would be improved and the anomaly of the wealthiest families receiving social security benefits would be removed (these are the families who have gained most from the recent Budget changes)
- there would be valuable public expenditure savings (of the order of £150 - £300 million depending on the income threshold selected).

As well as primary legislation, this option would require a number of operational changes - the earliest possible implementation date would be 1990. Even this option might still be criticised by those who regarded incomes of, say, £25,000 as modest rather than high - eg a two earner family each earning £12,500, and by those mothers who might have difficulty in establishing and declaring their husbands' income.

CHILD BENEFIT - PUBLIC COMMITMENTS

The following quotations are examples of recent public commitments on child benefit. They reflect the stance established in the Green and White Papers on the reform of social security:

"Everyone with a family will continue to receive child benefit. The standard rate is £7 per week per child. It partly compensates for the removal of the child allowance. The right hon Gentlemen is trying to give the impression that child benefit is not going to every family. He is wrong."

Source: Prime Minister's reply to a question from Dr Owen. Official Record, 20 June 1985, Vol 81 Col 432-433.

"We'll review child benefit each year as we always have, but I can't tell you what the outcome of that will be. But I can tell you that child benefit will continue as a non-means-tested universal payment, paid to the mother and tax-free. There ought to be no question about that".

Source: Minister of State for Social Security (Mr John Major) in a pre-election interview with Richard Berthoud. "Poverty", pp 8 Spring 187, No 66.

"Child benefit will continue as a universal tax-free and non-means-tested benefit".

Source: General Election Briefing - Conservative Research Department, 22 May 1987.

"There are no plans to reduce the scope of child benefit. All families will continue to get child benefit and it will be paid to the mother ..."

Source: Minister of State for Social Security (Mr Scott). Official Record, 14 July 1987, Vol 119, Col 464.

"I repeat that I have no specific proposals at present to change the nature of child benefit, but ... there is clearly a need to keep it constantly under review".

Source: Secretary of State (Mr Moore) Official Record 27 October 1987, Vol 121, Col 186 (Uprating Statement).

CHILD BENEFIT - RECENT PARLIAMENTARY STATEMENTS

UPRATING DEBATE
27 OCTOBER 1987

Mr. Moore: My hon. Friend is of course right. I find the debate very difficult. There are those who simply cannot get out of the past and understand that, in this announcement, we are focusing £320 million on families with children — 3 million-plus children. I fully understand people's attitude towards child benefit, but we are still talking about a child benefit system that is still spending £4.5 billion on top of the amount that I am talking about, so I find it a very unusual set of priorities for the Opposition to focus on the degree to which we are trying to target — [Interruption.] I apologise; from a sedentary position I have been reminded that I did not properly answer one of the questions on child benefit put by the hon. Member for Livingston (Mr. Cook). He asked

whether there was a review in progress. I repeat that I have no specific proposals at present to change the nature of child benefit, but—I believe that this has been said from the Dispatch Box by almost every Minister of every Government since the benefit was introduced—in view of its cost and its ill-targeted nature there is clearly a need to keep it constantly under review. I am beholden to do that.

Mr. Ronnie Fearn (Southport): If child benefit is to be frozen, is it not a fact that a great administrative cost will be involved? Is it also true that the Secretary of State now has a team working in the belief that child benefit will be abolished some time next year?

Mr. Moore: No. I have made the position on child benefit quite clear. I read clearly the precise words that I obviously intended to use. I am beholden under section 63 of the Social Security Act 1986 to look at the uprating of child benefit each year, but there is no statutory requirement. I have explained precisely why I believe that this year I have been able to target better on those families with children who are poorer. I have also clearly said that there is no review in progress.

REPORT STAGE SOCIAL
SECURITY BILL
12 JANUARY 1988

Sir Ian Gilmour: Will my right hon. Friend then say what the words in the manifesto really did mean?

Mr. Scott: The words say that the benefit would be paid as a universal benefit, tax-free, and to the mother. That undertaking has not been changed by anything in this year's uprating. I believe that that obligation was right. I am sure, bearing in mind the pattern of linking other social security benefits to the RPI, that had there been an intention to link this benefit it would have been included in the list by one Government or another.

SOCIAL SECURITY BILL (CONSIDERATION
OF LORDS' AMENDMENTS) 14 MARCH
1988

Mr. Raison: Will my hon. Friend assure me that no decision has been taken that there will not be any further upratings of child benefit? Will he assure me also that the pledge in our election manifesto that child benefit will continue to be paid will not be diluted within this Parliament by any attempt to introduce any kind of means testing or tax on child benefit?

Mr. Scott: I cannot give that assurance to my right hon. Friend. The future of child benefit will be reviewed each year as annual upratings are considered. On the fundamentals of child benefit, I can go no further than my right hon. Friend did. A benefit of that sort and scale must be under constant review. Certainly, we have no present plans to change the status of child benefit. That is as much as I can say to my right hon. Friend at the moment.

BUSINESS STATEMENT
21 APRIL 1988

Mr. Kinnoch C61924

Given the anxiety being expressed over the Government's internal review of child benefit, can we have an urgent statement on the nature of the review, its terms of reference and whether the Government are considering taxing or means-testing that method of help for families which, as the Leader of the House knows, is regarded as vital by people in all parties?

Mr. Lishchinsky C61924

The right hon. Gentleman also asked about community care. There are two reports, the Griffiths report and Lady Wagner's report, both of which are being studied. That is the best way to proceed at the moment. I shall pass on to my right hon. Friend the Secretary of State for Social Services the question about the review of child benefit. I am sure that a statement will be made at the appropriate time when the review has been completed. However, I cannot promise a debate in the near future.

PRIME MINISTER'S QUESTION
TIME 17 MAY 1988

Mr. Cartwright: As the right hon. Lady reminded her supporters yesterday of her manifesto's commitments, will she assure the House that she will honour the manifesto commitment that child benefit would continue to be paid as now, and that there is no truth in the press suggestions that child benefit is to be cut, taxed, frozen or abolished?

The Prime Minister: I agree with the hon. Gentleman that the manifesto clearly stated:

"Child benefit will continue to be paid as now, and direct to the mother."

That commitment will be honoured.

SS - Benefits Pt 4



SUBJECT cc MASTER

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File L04A/H



COPIED TO LOCAL GOVT: Rating
PTD

HOUSING: Benefit
June 80.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 May 1988

Dear Nick,

The Prime Minister met a group of Conservative backbenchers yesterday afternoon, at their request, to discuss some aspects of the Government's social policy. The Members attending were Timothy Raison, Sir George Young, Robert McCrindle, Andrew Bowden and Robin Squire. Your Minister was also present.

I should be grateful if you (and Jill Rutter, to whom I am copying this letter) could ensure that there is very limited distribution of this letter in your Departments.

Timothy Raison opened the meeting and said he fully agreed with the Prime Minister's statement in the House that people at all levels were better off since 1979. But there was a worry that the less well off might be adversely affected by policies in the pipeline. The Government and the Party must not give the impression that they were no longer concerned about the poor. Mr. Raison said that the main focus of concern was those somewhat above the level of income support. It was vital that the Government ensured that new social policies did not leave the less well off worse off, and that this aspect was properly assessed in advance. He urged that the Prime Minister take fully into account the views of backbenchers before introducing controversial social policy. They were well placed to offer advice on the practical and political impact of these measures. He and his colleagues then went on to make a number of more detailed points.

Child benefit

The MPs believed strongly in child benefit. They welcomed the Prime Minister's re-affirmation of the Manifesto commitment in the House that afternoon. The benefit had the advantages of being paid to the mother, of helping those just above the level of income support, of emphasising the Government's commitment to the family, and of avoiding the poverty trap. It was, admittedly, not easy to justify paying child benefit to those on higher incomes, particularly when they had benefited so much from tax cuts. But the fact was that mortgage interest tax relief was given to those in the same position, and a universal benefit ensured 100 per cent take-up.

The Prime Minister asked the MPs how they thought the Government might respond to criticism that those who were well off, and had done well out of recent Budgets, were still receiving child benefit. Some people argued that it might be made subject to tax for those paying the higher rate, although clearly the introduction of separate taxation for husband and wife had a bearing on that proposal. The MPs took the view that the Manifesto commitment meant that child benefit should remain unchanged. But they appeared to prefer some form of claw back arrangement for the better off to the gradual erosion of child benefit through a failure to up-rate.

The Prime Minister took note of the points made. She repeated that the Manifesto commitment was clear, and it would be honoured during this Parliament. There might, however, be a number of views as to the interpretation of that commitment.

Housing benefit

The MPs said there was still concern that many people were suffering benefit losses of more than £2.50 per week because the new transitional protection did not cover the liability to pay 20 per cent of rates, the water rate and any rent and rate increases this year. The perception was that these losses were the responsibility of the Government rather than the local authority. They urged that monitoring of the new arrangements should pay particular attention to that problem.

War widows and other pensioners retiring in the late 1960s and early 1970s had suffered grievously as a result of high rates of inflation wiping out their savings. Their second pensions were not likely to be inflation-proofed. Housing benefit had been a small compensation for these losses. The Prime Minister was urged to raise top and bottom capital limits from £8,000 and £3,000 to £10,000 and £5,000. The cost of some £200 million would be modest. Such pensioners frequently had no house to pass on to their children, and the exemption for a property was no help to them.

The Prime Minister thought it was difficult to justify sons and daughters benefiting from an inherited property while the owner of that substantial asset had been supported at the taxpayers' expense. Similar arguments applied to those with over £8,000 in capital. The Prime Minister understood and sympathised with those pensioners whose savings had been eaten away by high inflation. That was one reason why the present Government's priority was to keep inflation low. But a limit had to be set on what the taxpayer could be asked to bear. There were cases under the old rules of people deliberately manipulating the social security system in order to avoid having to support parents and elderly dependents, at the taxpayers' expense.

Community Charge

The MPs pointed to the recent difficulties of housing benefit and, though they welcomed the changes which had now been made to modify the reforms, they were anxious that there might be similar turbulence over the introduction of the community charge, and over a possible increase in rents following the housing reforms, at a sensitive time before the next election. Under the community charge there would be more losers than under the housing benefit reforms. Many of them - as in the case of child benefit and housing benefit - were Government supporters.

The Prime Minister reminded the MPs that major reforms could not be undertaken on the basis of a simple arithmetical count of gainers and losers. What mattered was the overall fairness and rightness of the reform. The fact was the community charge would help many of those who were treated unfairly by the existing rating system.

At the conclusion of the meeting, the Prime Minister thanked the MPs for putting their points constructively. She had carefully noted them.

Separately from the meeting, the Prime Minister had a brief discussion with your Minister about the future of child benefit. She said, as she had told the House that afternoon, there could be no question of going back on the Manifesto commitment. Any proposals which were currently under discussion would need to be fully compatible with that commitment. More radical reform of child benefit was possible, but only in the next Parliament. Your Minister said that he had been considering a package of measures which should offer more help to those who needed it most, reduce help for those on higher incomes who had done particularly well out of the budget, and should also generate some savings. The Prime Minister was somewhat sceptical that a package of the kind Mr. Scott had in mind would be fully in keeping with the Manifesto commitment. The matter would need looking at very carefully, and your Minister agreed to come forward with a paper accordingly.

I am copying this letter to Jill Rutter (Chief Secretary's Office, Treasury).

*Your sincerely,
Pat Gey*

for MARK ADDISON

Nick Bromleu, Esq.,
Department of Health and Social Security.



file @TS
bc AS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 October 1987

UPRATING STATEMENT

I confirm that the Prime Minister was content with the draft Uprating Statement you enclosed with your letter of 23 October to David Norgrove.

I am copying this letter to Alison Smith (Lord Privy Seal's Office) and Colin Phillips (Chief Whip's Office).

P A BEARPARK

Bruce Calderwood, Esq.
Department of Health and Social Security

cu

CONFIDENTIAL

cc MEA.
BG.
C/S



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Secretary of State for Social Services

David Norgrove Esq
Private Secretary
10 Downing Street
LONDON
SW1

23 October 1987

Prime Minister (Austrian day)

Dear David

DHSS expect that the
FI and SGP deductions from the
illustrative rates of income support
will emerge quickly, even though the
presentation here hides this.
Content?

UPRATING STATEMENT - 27 OCTOBER

I enclose our latest - near final - version of the uprating
statement which I am also copying to Alison Smith (Lord Privy
Seal's office) and Colin Phillips (Chief Whip's office).

ALW
26/10.

Yours ever
Bruce

Bruce Calderwood
Private Secretary

CONFIDENTIAL

UPRATING STATEMENT: DRAFT 5

1. With permission, Mr Speaker, I wish to make a statement about the next uprating of social security benefits and the introduction of a reformed system of income-related benefits. This will take place for most benefits in the week beginning 11 April 1988, the first full week in the tax year, and the same provisions will apply in both Great Britain and Northern Ireland.

2. The Retail Price Index published on 9 October, showed an increase in prices over the twelve months to September 1987 of 4.2 per cent. Retirement pension will accordingly rise from £63.25 a week for a married couple to £65.90, and for a single person from £39.50 to £41.15. These increases of £2.65 and £1.65 a week respectively mean that the cash amount of basic retirement pension has increased by almost £35 a week for a couple since this Government came to office. The increase will add some £780 million to the social security budget next year. It must be seen in the context of significant improvements in pensioners' total incomes. Today state pension provision represents on average only about half of pensioners' net incomes - and those net incomes have risen by 18 per cent in real terms since 1979. The uprating increases will ensure that the value of this provision is maintained. They are fully in line with our pledges to pensioners and recipients of other linked long-term benefits.

3. I have decided to uprate all contributory benefits, benefits for the disabled, war pensions and similar benefits by 4.2 per cent also. The details of what this will mean for individual benefits are set out in a full schedule of rates which, as previously, is now available in the Vote Office and will be printed in the Official Report. Public service pensions will likewise increase by 4.2 per cent, as will statutory sick pay and statutory maternity pay paid by employers. Because of the payment arrangements for SSP and SMP, the changes will take effect from the start of the tax year.

4. In April 1988 we shall be introducing our new system of income-related benefits. Supplementary benefit will be replaced by the simpler income support; housing benefit by a reshaped system aligned with income support; and family income supplement by the new family credit which will provide help to more than twice as many low-paid working families. This new, more coherent and better targetted structure will direct help more clearly where it is most needed and will foster incentives to work.

5. I shall shortly be laying before the House regulations for the new benefits. Since these are new schemes the regulations will include the relevant rates. I shall also be laying revised regulations on claims and payments which will provide common basic provisions between benefits. Earlier this month I consulted the local authority associations as I am required to do under the Social Security Act 1986, on the proposed rates for housing benefit. Because of the close alignment of the benefit rates for all 3 income related benefits, final decisions cannot be reached until I have considered their responses. Nevertheless, for the convenience of the House, I have included in the schedule of rates available in the

Vote Office the proposed housing benefit rates as issued for consultation, together with the rates for income support and family credit which would be consistent with those proposals. The schedule also covers our proposals for board and lodging limits for the coming year.

6. The income support rates proposed are £33.40 for single people aged 25 and over and £51.45 for couples. These would also apply as the applicable amounts for housing benefit purposes and as the threshold in family credit. The family premium would be £6.15, the premium for a single pensioner £10.65, and for couples £16.25.

7. The personal allowances include the average amounts which we expect householders who are income support claimants will have to pay next April as their minimum contribution to domestic rates. These amounts are £1.30 for couples, lone parents and single claimants aged 25 and over, and £1.00 for other single claimants over 18.

8. Compared with the illustrative figures published at the time Parliament approved the reformed benefit schemes, the premium payments would be some 6¹/₂ to 7 per cent higher - essentially the movement in the relevant price index. The personal allowances, leaving aside the element for domestic rates, would be some 4¹/₂ to 5 per cent higher; including that element they would be 7% to 9% higher. So, overall income support claimants would be receiving higher real levels of benefit than under the previous figures. The number of gainers from the structural reform would rise

*This is measured
against the "RPI index" 3
i.e. RPI less housing costs.*

by a million - from 2.2 to 3.2 million - and the number of losers would fall slightly - from 3.8 to 3.7 million, and as promised we shall be spending £200 million next year to ensure that no-one on income support loses in cash terms.

9. We are proposing to introduce the capital limits, and the family credit and rate rebate tapers, at the same level as those illustrated in the Technical Annex. Under the new scheme, housing benefit claimants at all income levels will be fully reimbursed for any increases in their rent. In view of this, I now propose that the rent taper should be 65 per cent on net income - equivalent to 42 per cent on the present system of gross income for someone paying standard rate tax and national insurance.

10. For the convenience of the House I am today publishing tables which show the likely distributional effects of the new schemes. Copies will be placed in the Library and the Vote Office. I am particularly pleased to note that the figures show for sick and disabled people getting the disability premium an increase under the new scheme of nearly £5 a week in disposable income. This is in addition to substantial increases in planned expenditure on the disability benefits themselves.

11. Complementing the new structure of income related benefits, the social fund will be fully introduced next April. Its gross budget for community care grants and budgeting and crisis loans for the first year will be just over £200 million, of which some 70 per cent will be in the form of loans recoverable over a period. A separate announcement will be made concerning Social Fund provisions in Northern Ireland.

Families with children

12. I turn now to child benefit which currently costs over £4 billion, nearly 10 per cent of the whole social security budget. Every 10p increase has a net additional cost of over £40 million. Yet higher child benefit would be of greatest help to those who are already relatively well-off and whose living standards are already rising. By contrast, it would give no extra help to over 3 million children in families on benefit, including low income working families: they gain the same from the uprating whatever is done to child benefit. Against this background, and the particular need to target help on those who most need it and to control the overall growth in social security expenditure, I have concluded that an increase in child benefit would not be the best use of resources at present. I therefore do not propose to increase the rate next April. One parent benefit will however increase to £4.90, and the maternity payment from the social fund will be increased to £85.

13. Let me emphasise to the House that even with no change in the rate of child benefit, we will be increasing, not reducing, the overall level of resources devoted to families with children. We will be spending £220m extra on the new family credit and £100m extra on families in income support. By contrast a full uprating of child benefit would have cost £120m. Moreover family credit will go directly to help low income working families with children and will reach twice as many people as the present family income supplement. Thus more will be spent on families overall, but the greatest emphasis will be on those with the greatest needs.

14. Mr Speaker, overall the uprating increases will add some £1.3 billion to a social security budget which already stands at over £44 billion this year. This is a substantial increase to spending on a programme which is already the biggest in Government. We believe that our proposals strike a fair balance between protecting the interests of the poorest and of those, such as pensioners, who have substantial reliance on state benefits; and protecting the interests of those whose taxes and contributions pay for benefits.



*See
SL*

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 June, 1987.

**PAYMENTS OF BENEFITS BY
AUTOMATED CREDIT TRANSFER (ACT)**

The Prime Minister has seen, and noted,
your Secretary of State's minute of 25
June on the above subject.

(P.A. Bearpark)

Miss Jane McKessack,
Department of Health and Social Security.

KL



Prime Minister
to see

mt

NCLW
26.6

PRIME MINISTER

PAYMENTS OF BENEFITS BY AUTOMATED CREDIT TRANSFER (ACT)

ATTACHED
When the Cabinet discussed last week the effects on payment of benefit of industrial action within my Department, the question arose whether payment by automated credit transfer (ACT) is less vulnerable to industrial action than payment by order book.

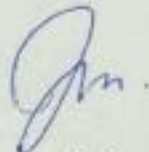
Payments by ACT can certainly be maintained during industrial action more easily, and at considerably less cost, than payment by order book. The system is not entirely trouble-free, however, and it is not a device that could be adopted during industrial action as a counter-measure. ACT is paid by the transfer of magnetic tapes from our Newcastle Central Office through the Banks' Automated Clearing Service. During the 1984 dispute we were prevented from issuing up to date tapes, but we were able to maintain payments by means of reserve tapes containing the amounts payable before the strike started. As time passed this led to incorrect payments in some cases and there were some overpayments, most of which were subsequently recovered. It was possible, however, to ensure continuity of payments of the correct amount to most beneficiaries.

Quite apart from its usefulness in times of industrial action, ACT is a more reliable, more efficient and less costly way of paying benefits. The Public Accounts Committee has, in the past, criticised the Department for not making greater efforts to encourage its use. The difficulty, of course, is that it poses a threat to post offices, especially the small sub-post offices who depend quite substantially on income from the payment of benefits. Experience in the past has shown how vociferous the sub-postmasters' lobby can be. We ought, however, to be able to find ways of easing this problem other than by persisting with inefficient systems of paying benefits.

E.R.

It is clear that there is a substantial minority of claimants who prefer the flexibility and convenience of ACT, and I believe that more would opt for this method if they had it brought to their notice. We have undertaken that any retirement pensioner who wishes will be able to continue to receive his pension at a post office. This is not in question, but there would be substantial administrative and financial gains for the public purse if we could persuade more people to change voluntarily to this method of payment. I shall be looking at possible courses of action to this end in the coming months.

25 June 1987


J M

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 May 1987

Dear Bruce,

CHRISTMAS BONUS 1987

The Prime Minister has seen your letter to me of 6 May proposing that an announcement about this year's Christmas bonus should be made on Friday 8 May. The Prime Minister is content, subject to the views of colleagues.

I am sending copies of this letter to the Private Secretaries to the Lord President, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Chief Secretary to the Treasury, the Secretary of State for Northern Ireland, the Chief Whip and Sir Robert Armstrong.

Yrs,

David

(David Norgrove)

Bruce Calderwood, Esq.,
Department of Health and Social Security.

CONFIDENTIAL



DEPARTMENT OF HEALTH & SOCIAL SECURITY
 Alexander Fleming House, Elephant & Castle, London SE1 6BY
 Telephone 01-407 5522

From the Secretary of State for Social Services

David Norgrove Esq
 Private Secretary
 10 Downing Street

Dear David

Prime Minister
 Content, subject
 & colleagues?

6 May 87

SW
 6/5.

Yes not

CHRISTMAS BONUS 1987

My Secretary of State would be grateful to have the Prime Minister's agreement that an announcement about this year's Christmas bonus be made on Friday 8 May.

The Christmas bonus is paid in early December. A bonus of £10 has been paid every year since 1972, except for 1975 and 1976. It was made a statutory requirement in 1979. Over 11 million people receive the bonus; they are in the main pensioners, widows and disabled people. There has been, from time to time, criticism that the amount of the bonus has not been increased since its introduction. Ministers have consistently taken the line that the numbers of people entitled to the bonus are expanding, and that the extra costs involved in a worthwhile increase could not be justified. In addition, the change from discretionary payment to statutory entitlement in 1979 meant that recipients could be certain of receiving a bonus at an expensive time of year.

My Secretary of State intends that, as in previous years, an announcement about the rate and date of the bonus should be made by means of an arranged Parliamentary Question. The texts of a draft Answer and associated Press Notice are attached. For operational reasons, an announcement has to be made by 8 May at the latest. This is because the special foils and stickers need to be incorporated in order books from mid-May onwards - many order books are for 26 weeks and will be issued more than six months before Christmas. Debates on the draft Order, which will need to be approved by resolution of both Houses, will follow later - last year's Order for example was made in July.

E.R.

I would be grateful to know whether the Prime Minister is content for my Secretary of State to proceed with this announcement on 8 May.

I am sending copies of this letter to the Private Secretaries to the Lord President, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Chief Secretary of the Treasury, the Secretary of State for Northern Ireland, the Chief Whip and Sir Robert Armstrong.

Yours ever
Bruce Calderwood

BRUCE CALDERWOOD

CONFIDENTIAL

CHRISTMAS BONUS 1987

Suggested Question:

To ask the Secretary of state for Social Services, what plans he has to pay the Christmas Bonus in 1987.

Suggested Reply:

A Christmas Bonus of £10 will be paid again to people who for the week beginning 7 December are entitled to payment of one of the qualifying benefits.

CONFIDENTIAL

----- May 1985

DRAFT PRESS RELEASE

£10 CHRISTMAS BONUS TO BE PAID AGAIN IN 1987

Mr. Norman Fowler, Secretary of State for Social Services
/Mr. John Major, Minister of State for Social Security/ today announced
arrangements for paying this year's Christmas Bonus.

In answer to a question from -----

----- said,

"A Christmas Bonus of £10 will be paid again to people who for the week
beginning 7 December are entitled to payment of one of the qualifying
benefits."

NOTES FOR EDITORS

The £10 Christmas Bonus was first introduced in 1972. It has since been paid
every year, with the exception of 1975 and 1976, and was made a statutory
annual entitlement through the Pensioners' Payments and Social Security Act
1979.

The bonus is paid to nearly 11½ million retired, widowed or disabled people.
It is tax free.

The bonus is payable to any person who, in the qualifying week, is entitled to
one of the following benefits:

Retirement pension or 'over 80' pension (including retirement pensioners
whose pension is not payable in that week because of earnings).

Widow's benefit

Attendance allowance

Invalid care allowance

Invalidity pension

Severe disablement allowance

Supplementary pension

Unemployability supplement or allowance, or constant attendance allowance, paid with war or industrial disablement pension

War disablement pension where the person is over pension age, retired and not getting one of the other qualifying benefits

War widow's pension

Industrial injuries widow's or widower's pension

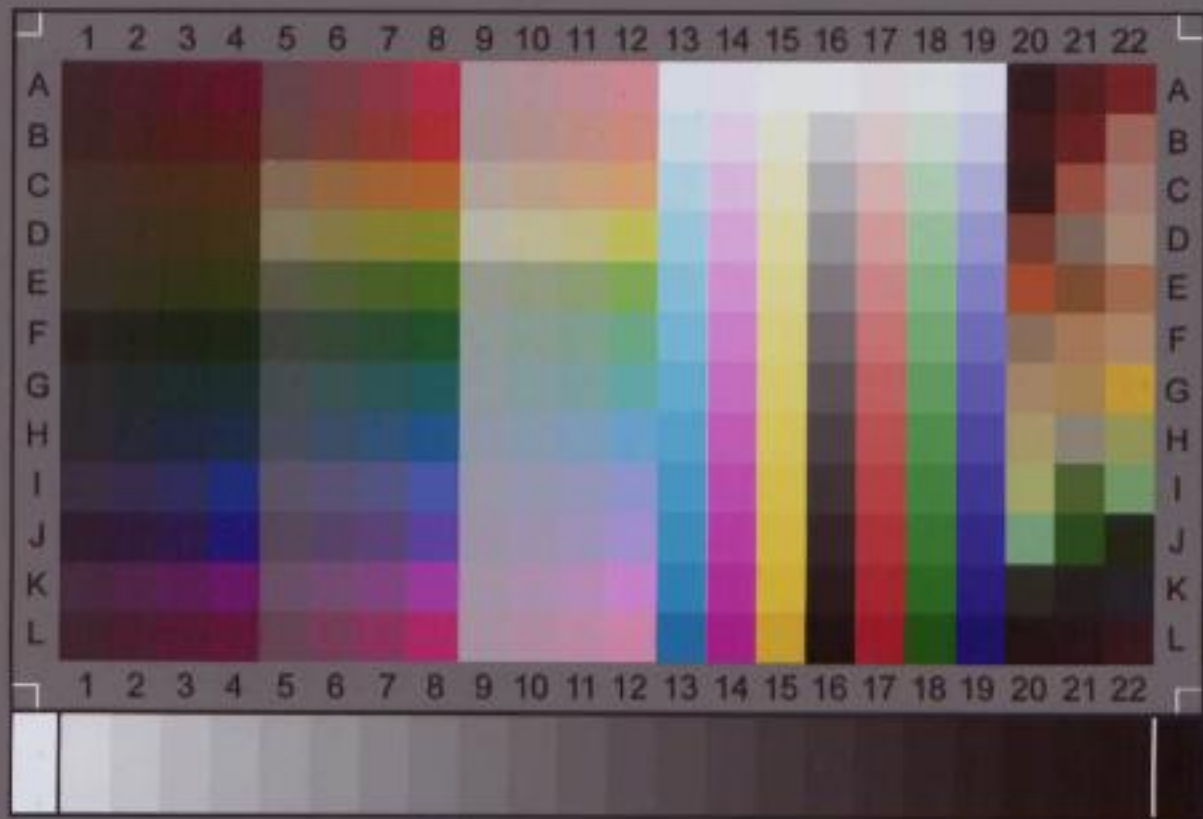
The qualifying week this year will be the week beginning 7 December.

PART 3 ends:-

Statement by SS/DHSS 22.10.86

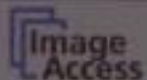
PART 4 begins:-

DHSS to DRN 6.5.87



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