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SOCIAL SERVICES POLICY GROUPS' REPORT

June 1976

A. Health Service

The main and perennial difficulty of the Health Service has been a combination of increasing demand and lack of financial resources. This problem has existed under Governments of both major Parties and natural increases in the number of handicapped and elderly, the latter now accounting for 40 per cent of all NHS beds, will impose further strains in future years. There is excessive reliance on medical staff from overseas, coupled with net emigration of UK trained doctors; bureaucracy is rampant; and Labour's mishandling of the pay beds issue and junior hospital doctors' dispute has further reduced morale in the NHS to an all-time low.

In making any proposals the immediate need to restore morale must be borne carefully in mind. The appointment of the Royal Commission probably precludes any major changes in advance of its report.

i) Finance

There are some savings to be made by a Government which:-

- reduces administrative costs in the NHS;
- preserves private pay beds and allows the independent sector to grow;
- encourages preventive measures such as fluoridation; and
- reduces the length of stay for patients to the levels obtained in the best NHS hospitals;

and the Party can reasonably make commitments on these issues. We should also promise to undertake a review of hospital waiting lists.

With finance for the NHS severely constrained, we believe the public may be ready to pay towards a better service through insurance and we are examining further the continental systems of health finance and will make a full report in the autumn.

A system of payments and insurance will not only raise extra finance for the NHS but will make people aware that treatment has to be paid for. We believe that more submissions should be made to this effect to the Royal Commission (which is looking into NHS finance and administration) probably through the Conservative Medical Society. At this stage, we would not recommend any Manifesto commitment except in the most general sense.

Prescription and other health service charges

The case for increasing prescription charges, which Labour has left unchanged since coming to office, is overwhelming and increases will also be needed in optical and dental charges to take account of inflation. The extra revenue would be in the order of £30 million to £35 million p.a.

ii) Re-organisation

The administrative re-organisation of the NHS has imposed excessive burdens on doctors and administrators and has been widely criticised on the grounds of cost and the delay in reaching decisions.

We believe the two options are either to keep the existing 3 tiers in a streamlined form, or to remove the Area Health Authorities altogether and give the Regional Health Authorities co-ordinating powers.

On balance, we recommend the second course as the best way of simplifying the structure, devolving power away from central government and reducing costs. A pilot scheme to this effect should be run in one of the NHS regions. More consultation is however needed before we could give a public commitment on this.

iii) Private Pay Beds

We are publically committed to reversing Labour's attack on pay beds (v.l. Party Conference 1975) and we recommend that this public commitment be re-affirmed in general terms in the Manifesto.

Assuming the Health Services Bill passes into law we can either:

- a) repeal this legislation in its entirety; or
- b) amend those restrictive clauses so as to allow the expansion of pay beds in the NHS and ease procedures for private hospital building.

At this stage it is too early to judge what would be the best and most acceptable policy and we recommend simply that we leave our options open. One possibility would be to keep the Health Services Board to check on abuses of the pay beds system, but to remove the obligations to report with any further phasing-out recommendations.

We advocate that tax relief on employer medical insurance schemes be restored, at a cost of between 25 million-210 million per annum, as a means of encouraging the independent sector and reducing the strain on the NHS. The raising of prescription charges would, of course, more than cover this cost,

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insurance.

iv) Whitley councils

The McCarthy Report on the Whitley Council system, which determines the pay and conditions of NHS staff, is expected this summer and we must be ready to respond to it. At the last General Election the Conservative Manifesto called for an inquiry of this nature. One key point to watch for will be the future role of such bodies as the Royal College of Nursing.

Fee for inquiry done.

B. Voluntary Organisations

The Conservative Party has long believed in the value of community self-help and the role of voluntary effort and we recommend that these principles be re-affirmed. We would also draw attention to the monitoring and critical roles of pressure groups, many of which are thought to be non-Conservative only through lack of contact. We need to carry into Government the goodwill now being created in Opposition.

The full recommendations of the Policy Group are attached to this report and of these the most important are :-

- i) The establishment of a Liaison Committee in Government to provide a means of contact between Ministers and voluntary organisations which is lacking at the present time. The Committee would provide Ministers with information and would encourage major voluntary organisations to make a more realistic appraisal of their efforts and future development.
 - ii) There should be Ministerial responsibility for voluntary organisations at Cabinet level. The personality of this "figurehead" is vital though the work may be done at a lesser level.
 - iii) To provide financial encouragement, there should be a method of direct donations from gross income which will involve tax relief for the donor. Overseas systems of donating certain percentage of gross income to a named charity have much to recommend them and we will examine further how to balance any Exchequer shortfall to ensure that there is no reduction in public revenue.
 - iv) A Voluntary Organisations Grant Committee should be established to replace the hazards of Ministerial patronage through the voluntary services unit which is inappropriate for the administration of grants. This would cover grants other than straight departmental support.
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C. Disabled

Sir Geoffrey Howe's paper of 12th September 1974 stated in the long-term the disabled should be brought within the Tax Credit Scheme. Since then the Government have introduced the Non-Contributory Invalidity Pension, the Mobility Allowance and the Invalid Care Allowance. Added to the Attendance Allowance and the ordinary Invalidity Pension there are five separate and distinct benefits for the disabled.

As an interim step towards Tax Credits we need to rationalise these cash benefits and move towards a system of relating the cash benefits to degree of disability.

This is an area which needs more study as and when the right people become available.

D. Mental Health

A policy Group under Cecil Parkinson has been at work for some weeks, but it is too soon for them to have come up with any recommendations yet.

E. The Deaf

The preliminary report of the Policy Group on the Deaf recommends that the Manifesto should include the following sentence::

"Inadequate attention has been given to the problems of the deaf and partially hearing; the Conservative Party will concentrate on improving early detection, educational facilities and employment prospects for these people."

A copy of the Group's proposals is attached.

F. Personal Social Services

A Policy Group has only recently been set up under Mrs. Jill Knight and will be reporting later this year. Alrea y they have identified the need for housing policies to be more closely co-ordinated with L.A. Social Services Departments.

G. Social Security

Social security issues covered so far include the treatment of the self-employed, social security abuse and the disincentive to work. Other issues are equally important. The low level of income tax allowances means that the poor are now paying for their own benefits; the poverty trap has been worsened; the system is growing in complexity (particularly in relation to supplementary benefit); and administrative costs are soaring - in 1975-6 they totalled £400 million at 1975 survey prices.

1. The Self-employed

The self-employed and the small firm sector are a sizeable political constituency to which we need to appeal and our recommendations relate to National Insurance, private pension provision and the machinery of government. Other policy groups are dealing with the other main subjects of concern such as capital and income taxes, VAT and local rates.

a) National Insurance recommendations

The Policy Group under Paul Dean have proposed that:-

- i) The employer element of the self-employed NI contributions should be set against tax. This would remove the single biggest grievance and the cost of approximately £50 million p.a. could be off-set by raising employer/employee contributions;
- ii) The self-employed should receive earnings-related sickness benefit and the full range of injury A benefits provided this is technically feasible, but ineligibility for unemployment benefit should be maintained; and
- iii) The self-employed should receive medical benefits, like employees, throughout the EEC.

However, as the National Insurance position is likely to change again before we return to office we recommend that the Party should simply indicate its dissatisfaction with the social security arrangements for the self-employed and promise an enquiry, of a public or semi-public nature, to examine their contributions and benefits.

b) Pensions

The maximum that can be invested each year in pension annuities for the self-employed should be raised to £3,000 p.a. and the percentage ceiling (1%) also needs to be raised to a figure comparable with the combined employer-employee contributions to occupational pension schemes.

c) Machinery of Government

There should be a senior Cabinet Minister with special responsibility for the self-employed and small firms. We are not recommending a new Department, but a Minister senior enough to co-ordinate effectively the work of existing Departments. His work would need to be re-inforced through public

scrutiny, support and criticism and we believe this could best be done by a House of Commons Select Committee on the Self-employed and Small Businesses.

2. Social Security Abuse Recommendations

- a) We should increase the number of "fraud drives" to uncover abuse and emphasise the high success rate of these drives, in which 40% of suspicious cases investigated proved to be cases of overpayment.
- b) We should commit ourselves to doubling the number of special investigators. As the savings are likely to be twice the cost of employing extra civil servants there will be some small public expenditure saving.
- c) The free travel area for Irish citizens involves total access as of right to the social security system, but the present state of Anglo-Irish politics makes any step that might jeopardise good relationships between the two countries out of the question at present.

3. Tax Credits

The introduction of a Tax Credit Scheme would greatly simplify the administration of the tax and social security systems and end some of the more absurd anomalies. The taxation of unemployment and sickness benefits would reduce the disincentives to work; the effect of the poverty trap would be diminished; and a start would be made in reducing dependence on supplementary benefit.

The Government's postponement of the child benefit scheme gives us the attractive political option of taking up their own plan, which was in turn based on our child tax credits, and achieving a favourable electoral stance particularly with women.

We will examine further the cost of child benefit and the full Tax Credit Scheme with the help of Professor Colin Clark in the summer.

In the meantime, we remain publically committed in principle to the introduction of the Tax Credit Scheme (viz. Sir Geoffrey Howe at the Conservative Women's Conference on 18th May 1976 and Mr. Jenkin at the Central Council Meeting 19th March 1986) and we recommend that these public commitments be re-affirmed in the Manifesto.

4. Sickness Benefit

Because it will be some years before a comprehensive Tax Credit Scheme can be introduced, some earlier steps need to be taken to restore the incentive to work. Accordingly, we will shortly be initiating confidential discussions with employers about the possibility of firms taking on responsibility of paying sick pay for the first four weeks of illness. This would save perhaps 5,000-6,000 civil servants and employers would be compensated by having their NI contributions reduced. One of the main advantages is that sickness benefit paid by employers is within PAYE which will increase income tax revenue as well as reducing disincentives to work.

5. Retirement

We are publically on record as prepared to keep the Social Security Pensions Act 1975, which introduces a new second pension scheme. We should re-affirm this commitment whilst reserving the right to improve contracting-out arrangements if the terms should prove unattractive to the pensions industry.

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Similarly we have made a public commitment to abolish the earnings rule in principle, and we recommend that this pledge be re-affirmed and coupled with a promise to re-examine the official estimated cost of abolition which has been criticised as being misleading and unrealistic. We should stand by our previous victory over the Government, whereby the earnings rule limit will rise from £35 to £50 per week as from April 1977, which Labour is now trying to reverse.



HOUSE OF COMMONS
LONDON SW1A 0AA

Policy Group on the Deaf - Summary of Findings - June, 1976.

Background. Our Group was established in 1975. The Members (Sir John Rodgers, Roger Sims, Michael Morris, Ian Crist and myself) have investigated four main areas and we summarise our conclusions below. Back-up papers are available if required.

A. Educational Facilities for the Deaf and pre-school provision.

1. Priority must be given to foolproof detection and assessment before a child is one, and on entering primary school, since this would prove cost-effective in the long-term.

2. Investigations are required into the most cost effective method for providing a stronger home support service for parents of hearing-impaired children.

3. A thorough review of the provision of primary and secondary education is required, accompanied by a longer-term objective of the provision, in the centre of defined regions, of a special school and an adjacent strong unit attached to an ordinary school.

4. Where children need to board at special schools, weekly boarding is important to maintain contact with the home.

There is inadequate coordination on a regional basis and therefore a proper system is required related probably to the area of a R.H.A.

6. A review of the need for providing technical training in Further Education is required, including the possible use of a voluntary interpreter service.

7. A review is required of the career structure for special teachers of the deaf.



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B. Employment of the Deaf.

1. In view of the clear under-employment of the deaf and their capabilities in practical jobs, a Promotion Officer for the Deaf at the D.O.E. should be appointed, principally to coordinate all those involved with the employment of the deaf.

2. A review must be carried out of the potentialities for employing the deaf for the purposes of helping the deaf.

3. There must be a sustained effort to educate the public and employers about the potentialities and problems of the deaf.

C. Hearing Aids.

1. The methods of issuing, maintaining and using aids in schools must be reassessed.

2. Facilities must be provided to improve teachers' knowledge of hearing aids.

3. Simple test equipment must be provided in schools to monitor the performance of aids.

4. Hearing aid technicians must be available at schools to monitor the equipment.

5. An adequate supply of spare aids is essential.

6. Hearing aids must be standardised and manufacturers and educationalists must coordinate more effectively on requirements.



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D. Research.

1. The new Institute of Hearing Research must concentrate on initiating and coordinating overall research and its size kept to a minimum.

2. Proper research is required into the rehabilitation of the deaf, the role of manual communication, early diagnosis and the development of better hearing aids.

3. There must be a proper follow through on research findings such as, for example, the elimination of maternal Rubella and the mitigation of the harmful effects of noise at work.

E. Suggested Sentence for Manifesto.

"Inadequate attention has been given to the problems of the deaf and partially hearing; the Conservative party will concentrate on improving early detection, educational facilities and employment prospects for these people".

Fraud and Abuse of the Social Security System

The Study group set up on this subject has to look at two fields. The first is the fraudulent claiming of benefit by those not genuinely entitled to it. The second is the genuine claiming by honest claimants of sums of money by way of benefit which either exceed any money that they could earn or are a serious disincentive to earning. The second involves the complex relationship between the taxation and social security benefit fields, and cuts across the work that the Tax Credit group will be doing. This group decided therefore to tackle first the more straightforward problems of policing and detection of fraudulent claims.

A few months ago the Party was inclined to play this issue quietly but this attitude has now been changed, largely as a result of the considerable amount of Press attention to the subject. The Press has made the running in the exposure of fraudulent cases, but the Party has increasingly got itself involved with this concern both in the newspapers and in the House.

A group of MPs have - largely by means of PQs - uncovered a great deal more factual information about the extent of the problem and the Government's reactions to it than was ever available before. The result is that it is now possible to mount a reasonably informed and useful Parliamentary debate, as a 'trial run' on the 18th December revealed. This Paper does not attempt to set out the detailed mass of factual information that is now available over this somewhat restricted field, but is an attempt to analyse the political problems and political decisions that have now got to be taken as we proceed with our work. These are:-

1. The Government look like trying to 'shoot our fox'. The Minister of State in particular is anxious to publicise the fact that he is as concerned about the level of abuse as ourselves, and that his Department are tackling the problem. It is to the general public good that the Government do seem to have been excited into more serious efforts to reduce the level of abuse. From a more narrow partisan view however, it is to be hoped that the Parly. Under-Secretary can be drawn into more answering for the Government as he is more inclined to insist that there is no real problem and to criticise us for raising it.

Meanwhile the Government are anxious to get across that they have set up a specialist branch in the Department to tackle the problem. This is meant to be tackling the problem in a unified and systematic way by looking at every aspect of the Departments work. It seems to be looking at local office and regional performances on detection and drawing lessons and comparisons. It also seems to be improving cooperation

with the Police. This may be a window dressing exercise only. However, it is difficult to get further information about the Branch as the Department insist that there are security problems in giving too much away by way of details. It is also difficult to try to extract information about it, without giving the Government the opportunity to publicise its importance.

We have concentrated on demanding more use of special investigators and local 'fraud drives' to uncover abuse. We should continue to stress the fact that the Conservative Government greatly increased the number of these special investigators and introduced the system of using them in fraud drives. We should continue to emphasise the rather startling success rates of these drives in which 40% of suspicious cases investigated proved to be cases of overpayment.

We should continue to commit ourselves to the target of doubling the number of special investigators. There are absolutely no public expenditure implications in this commitment although the number of public servants will of course be increased. Up to date figures have confirmed that the cost of employing extra investigators is less than half the money saved from the stopping of overpayment of benefit. The net effect of increasing the number of investigators should therefore be to reduce the overall level of public expenditure by a modest amount. The likely sums to be saved remain modest and the principal reason for stepping up the level of investigation must be the need to improve public confidence in the administration of the Social Security System.

The Government are finding it difficult to resist our demands on this subject, and we should try to publicise it more by frequent repetition before they take up the suggestion and put it into practice.

3. The principal cause of abuse disclosed by investigation remains undisclosed earnings from employment over and above the disregard level. However investigation is also concerned with the more difficult area of the cohabitation rule. The demand for abolition of the cohabitation rule seems to have become less in evidence recently. We must continue to resist this as the abolition of the rule would produce the farcical position whereby an unmarried couple living together could claim benefit even when one partner was in full time work, whereas a married couple in exactly the same circumstances could not. However investigations of breaches of this rule sometimes lead to unpleasant intrusions into personal privacy. The rules about withholding benefit in suspected cases have recently been liberalised, and we should certainly not seek to reverse this. A call for a drive in this area could easily be interpreted by the Sunday newspapers as a demand for more 'sex snoopers' and this area is a minefield which is probably best avoided altogether in public statement.

4. We must reflect very carefully before getting much more excited about the 'work shy', or the non genuine unemployed. There is a high and rising figure of genuine unemployment at the moment, and a concentration on the deliberate unemployed will easily seem like insensitivity to the genuine hardship being suffered by many decent people.

There certainly are some idle work shy who are not just social inadequates but who are deliberate claimers of benefit. The main protection against them is the work of the Unemployment Review Officers. When they call suspicious claimants in for interview, 40% of them cease to draw benefit either before or shortly after the interview. In theory, therefore, a great advance could be made by calling for a large increase in the number of Unemployment Review Officers.

In calling for an increase in the number of these Officers, it will surely be necessary to emphasise the positive side of their work as well, as they are engaged in counselling on job prospects and the placing of difficult cases in such things as rehabilitation courses. We ought now to liaise with our Employment team to see whether we can usefully tack our approach on the use of Unemployment Review Officers to any aspects of policy which they wish to stress.

There may be a particular need for an increased number of Review Officers following the setting up of the 'hived off' Employment Services Agency. This Agency is so anxious to get rid of its old Labour Exchange image that it appears not to be bothered with attempts to place the more 'work shy' unemployed because the referral of such difficult customers to a prospective employer tends to damage their new image as a worthwhile employment agency.

5. Another area where it is difficult to make more progress is that of fraudulent claims for sickness benefit. The claiming of sickness benefit for trivial or fictitious reasons undoubtedly goes on on a massive scale and the need for a doctor's certificate is no adequate defence against it at all. However, the medical profession combine a dislike of the certification system with an understandable reluctance to hand over their patients to other medical opinion.

It would appear that the power to refer cases to the Regional Medical Officer for examination is not being adequately used and they continue to see only a small and steady number of extreme cases. Perhaps our new Health group, with its large number of medical members, could be asked to consider whether they have any recommendations to make by way of tightening up the system which would be acceptable to the medical profession.

No amount of medical checking can of course be adequate to deal with the claimant for a short period of bogus sickness. By the time the Department is thinking of querying the claim the claimant is back at work and no other doctor can really pass judgement on symptoms which are said to have vanished.

There is no doubt that there is very widespread abuse of Sickness Benefit to cover short absences from work, although the Department tends to have special procedures and be particularly suspicious of claims which precede Bank holidays, Works holidays, or are in other doubtful circumstances. When we were in office we tackled this problem by extending the 'waiting days' period before Sickness Benefit could be drawn. Considerable savings of public money could be made if this period were extended further although we would no doubt experience a similar political row to that which lasted for a short time when we made the change in office. Such a change could certainly be defended and might have the additional valuable side effect of encouraging many more employers to provide Sickness Benefit Schemes themselves in line with the best practice.

We should also take steps to ensure that claimants who often claim Sickness Benefit for short periods of absence from work should not qualify too easily for the higher rate of invalidity benefit. So long as there is less than a three month gap between each absence from work, sooner or later such claimants total up six months of claims of Sickness Benefit and thereafter qualify for the higher rate of Invalidity Benefit which is intended for the long term sick. This could easily be remedied by ensuring that one continuous six month period of absence is necessary at some stage before a claimant qualifies for the higher rate.

6. The most difficult problem of all in the field is that of abuse of the Social Security system by Irish nationals. The Irish are in a quite unique position even compared with other EEC nationals. They are the only foreign nationals allowed to come to this country for the express purpose of drawing Social Security benefits and who are entitled to stay here drawing that benefit as of right for so long as they choose. As the Irish Social Security system is the only one in Europe which is inferior to our own, and as the mobility of populations increases, it would appear that an ever growing number of Irish men and women are taking advantage of this useful privilege.

The totally free access of citizens of both countries to each territory goes back of course to the old treaties and to the Ireland Act of 1949 and was recently endorsed in the common travel area set up by the Immigration Act of 1971. In logic however, there is surely no reason why free access and movement should necessarily involve total access as of right to the Social Security system in the country of choice. If there were no other Anglo-Irish problems, it would surely be possible to take up with the Dublin Government, the prospect of changing our reciprocal agreements on Social Security, so that those people who arrive in England for the sole purpose of claiming benefit, might be offered help with the fare back home and no more. The present state of Anglo-Irish politics however, makes any step that might possibly jeopardise good relationships between the two countries and their citizens quite unthinkable.

We trod around this subject with considerable care in columns 1307 and 1308 of Hansard for the 18th December, 1975, and we must now ask the opinion of our spokesman on Irish matters as to whether there is any point in taking that question any further for the sole purpose of reducing unnecessary social security expenditure.

7. There is no need to detail the obvious and overriding political problem at the back of all our work which is to avoid giving the impression of harshness and insensitivity in this field. All Conservatives that have been taking an interest in the subject at the moment seem to realise and indeed to emphasise that our principal concern is to improve the system for the honest claimant and the taxpayer by weeding out the minority of those who abuse it. This need to be restrained reduces our Press coverage but has saved us from acquiring an unfair, heartless and unattractive reputation.

My conclusion is disappointing in that it indicates that we are reaching the limits of ground which we can safely tread in emphasising our concern to reduce the level of fraud and abuse of the system. We should continue to join in the exposure of the worst individual cases and the harrying of the Government into taking more serious notice of the level of abuse. We are nearing the limit of specific recommendations for extra activity that we can safely put forward however without political perils. Having acquired a reservoir of knowledge of the subject, the time is now coming when we should begin to turn more detailed attention to the problem of the relationship between the generous level of untaxed short term Social Security Benefits for those out of work as compared with the heavy tax penalties and incidence of means tested benefits on those in low paid work. This is a more interesting and will ultimately prove a more rewarding field than the more limited question of policing we have so far canvassed.

Kenneth Clarke, MP.
January, 1976.

VOLUNTARY ORGANISATIONS

STUDY GROUP

"An efficient alternative to the
bureaucratic state - voluntary organisations"

INTERIM REPORT

TO

THE RT. HON. PATRICK JENKIN M.P.

C O N F I D E N T I A L

May 1976

LC/ZP

VOLUNTARY ORGANISATIONS

Summary of Recommendations

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1. Involvement now of Party Spokesmen in special discussions with crucial voluntary leaders, as a demonstration of their importance to Party policy making and as a recognition of their contributions.
2. In Government, establishment of an on-going liaison committee as part of the problem solution programme.
3. Ministerial responsibility for voluntary organisations to be at Cabinet level. The personality of this "figurehead" is vital, though the work may be done at a lesser level.
4. Governmental liaison committee meeting regularly at Parliamentary Under-Secretary level. (Civil Service counterpart of 2 above.)
5. Publicity campaign to increase voluntary involvement.
6. Await the organisational review of National Council of Social Service, but ensure that it co-ordinates and develops voluntary organisations nationally and locally.
7. Circular to local authorities to review voluntary organisation contribution to maintenance of certain existing listed services.

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VOLUNTARY ORGANISATIONS

Summary of Recommendations

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8. Support for neighbourhood community development.
9. Improve access to and possibilities for training of voluntary helpers.
10. Charity Commission review to improve attitudes and rationalise operation.
11. Adjustments in taxation to ease public donations to charities and develop industrial giving.
12. Establishment of Voluntary Organisations Grants Committee for "non-departmental" grants.