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**DEPARTMENT OF HEALTH & SOCIAL SECURITY**

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*From the Secretary of State for Social Services*

23 January 1980

Nick Sanders Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1

*Dear Nick,*

**PUBLIC EXPENDITURE: SOCIAL SECURITY**

I enclose some examples of how the proposals currently before Cabinet would affect benefits to typical families. My Secretary of State will be able to answer questions on the wider front of how various changes would affect public expenditure. If there are points on which you would like further briefing before the meeting arranged at 5.45 pm, please let me know.

Yours sincerely

D Brereton  
Private Secretary

ENC.

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LOSS of 23/1*

EFFECT OF AGREED SOCIAL SECURITY CHANGES, ON AVERAGE EARNERS

1. The two key changes are:

(i) put up sickness, invalidity, unemployment benefit 10% less than prices in November 1980.

(ii) abolish the Earnings Related Supplement (ERS) to unemployment and sickness benefits in January 1981.

2. Examples

A. Single man with average ERS of £11 to unemployment or sickness benefit.

- |   |        |   |
|---|--------|---|
| (a) Now receives                                | £29.50 |   |
| (b) With 15% uprating would get in November     | £32.30 |   |
| (c) With only 5% uprating will get              | £30.45 |   |
| (d) From January '81 with abolition of ERS gets | £19.45 | ← |

B. Married couple, with average ERS of £11 to unemployment or sickness benefit.

- |  |        |   |
|--|--------|---|
| (a) Now receives                                     | £40.95 |   |
| (b) With 15% uprating would get in November          | £45.45 |   |
| (c) With only 5% uprating will get                   | £42.45 |   |
| (d) From January 1981 with abolition of ERS will get | £31.45 | ← |

C. Married couple with two children, with average ERS £11 to unemployment or sickness benefit.

- |  |        |  |
|--|--------|--|
| (a) Now receives   | £52.35 |  |
| (b) With 15% uprating and £2 child benefit increases would get in November | £57.35 |  |
| (c) With only 5% uprating and £2 child benefit increase will get           | £54.35 |  |
| (d) From January 1981 with abolition of ERS will get                       | £43.35 |  |

Notes: 1. ERS lasts for a maximum of 6 months.

2. A person getting ERS when abolition occurred would continue to get it for that spell of sickness or unemployment, so he wouldn't have a cash cut.

3. Assumed throughout no entitlement to supp ben.

D. Married couple with two children, on long-term Invalidity Benefit

- |  |        |
|--|--------|
| (a) Now receives   | £62.60 |
| (b) With 15% uprating<br>would get in November<br>(with £2 CB increase)              | £70.75 |
| (c) With only 5% uprating<br>will get (with £2 CB<br>increase).                      | £66.70 |
| (d) From January 1981 will<br>continue to get (ERS<br>not having been in<br>payment) | £66.70 |

II. Married couple with two children, on long-term disability

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(a) Low relative

(b) With 1/2 mortgage

(c) With 1/2 mortgage

(d) With 1/2 mortgage

(e) With 1/2 mortgage

(f) With 1/2 mortgage

(g) With 1/2 mortgage

(h) With 1/2 mortgage

(i) With 1/2 mortgage

(j) With 1/2 mortgage

(k) With 1/2 mortgage

(l) With 1/2 mortgage

(m) With 1/2 mortgage

(n) With 1/2 mortgage

(o) With 1/2 mortgage

(p) With 1/2 mortgage

(q) With 1/2 mortgage

(r) With 1/2 mortgage

(s) With 1/2 mortgage

(t) With 1/2 mortgage

(u) With 1/2 mortgage

(v) With 1/2 mortgage

(w) With 1/2 mortgage

(x) With 1/2 mortgage

(y) With 1/2 mortgage

(z) With 1/2 mortgage

(aa) With 1/2 mortgage

(ab) With 1/2 mortgage

(ac) With 1/2 mortgage

(ad) With 1/2 mortgage

(ae) With 1/2 mortgage

(af) With 1/2 mortgage

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