

Ref. A02477

PRIME MINISTER

Qualification for Unemployment Benefit for Workers laid off in a Trade Dispute  
(E(80) 61)

## BACKGROUND

When the detailed proposals for the financial treatment of strikers were being considered by the ad hoc Ministerial Group in February, the question of the qualification for unemployment benefit of workers laid off in a trade dispute was remitted for further official examination. People laid off are counted as "strikers" for benefit purposes if they have an "interest" in the outcome of the dispute. If they do not, they are without work because of circumstances beyond their control, and they are entitled to unemployment benefit. The paper is about how one should define who does, and who does not, have an interest in the outcome of the dispute. The present law derives from a recommendation of the Donovan Commission which was designed to remove anomalies resulting from the earlier definition. The change to the present law in 1975 was supported by the then Conservative Opposition.

2. One employers' organisation, the Coventry and District Engineering Employers Federation, suggested last year that the changes made in 1975 have made workers less likely to oppose strikes which might result in their being laid off, and so have altered the balance of power against employers. The proposal has not, however, been picked up more widely by the CBI.

3. Any change would require legislation, and the most likely vehicle available for this next Session would be the Social Security Bill dealing with employers' sick pay obligations. Any change which proposed an alteration in the entitlement to this contributory benefit would be highly controversial. The Secretaries of State for Social Services and Employment, in their cover paper, set out, in paragraph 3, the reasons why they believe that no change should be made at present.

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HANDLING

4. You might invite Mr. Prior to introduce the paper, followed by Mr. Jenkin as co-author. You might then seek to establish whether your colleagues are persuaded of the need for early change, and if so whether there is a consensus in favour of any of the particular proposals considered in the paper (and summarised in paragraph 2 of the covering paper). If so there will need to be an early consultative document. The alternatives are to reserve judgment until next year by when there will be some experience of the new arrangement for supplementary benefits payments to strikers' families; or to allow this area of policy to lie dormant, unless there is growing evidence of interest from a wider selection of employers.

CONCLUSION

5.1 Depending on the discussion, you will probably be able to conclude either

(i) that the Committee accept the recommendation of the two Secretaries of State that no legislative action should be taken at this stage;

or

(ii) as (i) but with a limited requirement that the position should be reviewed next year;

or

(iii) that the Committee favours a change, and invites the two Secretaries of State to begin a process of consultation, without commitment, to determine the nature of the change to be made. If the Committee could give guidance on its preferences as between the various options for change this would no doubt be of assistance to the Secretaries of State in fulfilling this remit.

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ROBERT ARMSTRONG

30th June, 1980



HARRING

You might invite Mr. Felt to discuss the paper, following

Mr. Jankin as co-author. You might then ask to determine whether your

alternatives are pursued of the need for early change, and if so whether there is

a consensus in favor of any of the paths. The proposals considered in the paper

and presented in paragraph 2 of the covering paper. If so, more will need to

be an early cooperative document. The alternatives are to review judgment

and next year by when there will be some experience of the new arrangement for

supplementing existing payments to certain families or to allow the areas of

policy to its document, unless there is growing evidence of interest from a wider

section of employers.

1. The opening on the discussion, as will probably be also to include

either

(i) that the Committee accept the recommendation of the two Secretaries

State that no alternative action should be taken at this stage;

or

(ii) that with a limited commitment that the position should be reviewed

next year;

or

(iii) that the Committee favour a change, and invite the two Secretaries of

State to begin a process of consultation, without commitment, to

establishing the nature of the change to be made. If the Committee could

give guidance on its preferences for various options for change

the work would be completed by the end of the year.

including the results.

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ROBERT ARMSTRONG

30th June, 1981