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DEPARTMENT OF HEALTH & SOCIAL SECURITY

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From the Secretary of State for Social Services

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The Rt Hon Peter Walker MBE MP
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Dear John

DEDUCTION FROM BENEFIT FOR STRIKERS

I enclose as discussed a background note on this issue. I now understand that the South Wales Echo is on the streets with a story that the deduction is to be increased to £16 but that DHSS are not yet saying so. We must expect the national media to be on to us anytime.

I am copying this letter and enclosure to Andrew Turnbull. ✓

Janis

Steve

S A Godber
Private Secretary

SECRET

SUPPLEMENTARY BENEFIT FOR STRIKERS

1. Strikers are not eligible for unemployment benefit or for supplementary benefit in respect of their own requirements. They are eligible to claim supplementary benefit for their dependants.
2. Since 1980, a "specified sum" has been deducted from any supplementary benefit payable. The intention is that the taxpayer should not have to bear the whole burden of supporting strikers' families during a dispute but that strikers themselves (possibly but not necessarily through their union) should bear part of the responsibility for the maintenance of their dependants.
3. These rules apply not simply to strikers but to anyone participating in or with a direct interest in a trade dispute (under the terms of Section 19 of the Social Security Act 1975). They apply whether a strike is official or unofficial and whether or not strike pay is being provided.

Uprating the deduction

4. Section 6 of the Social Security (No 2) Act 1980 also requires that, unless Regulations to the contrary are introduced, the "specified sum" be uprated at the time of the general uprating of benefits (26 November this year). The sum is increased in line with the RPI. The result is then rounded to the nearest 50p. The Secretary of State makes a declaratory order stating the new sum, which is not open to debate. So far the uprating has always followed the formula in the Act. Since 1980 it has been increased as follows:

1980	£12
1981	£13
1982	£14.50
1983	£15

Application of the formula this year will increase the figure to £16.

5. The Social Services Secretary wrote to colleagues on 28 October (copy attached) indicating his intention to uprate the sum this year in accordance with the existing provisions, although recognising that

a small proportion of strikers could lose up to 55 pence since the increased deduction would be greater than the higher benefit payable for their children. This was agreed by the Prime Minister and the Chief Secretary. The general benefit uprating takes effect on 26 November and the effect of the Act will, therefore, be to increase the present £15 to £16 from the same date as part of that uprating. In practice local offices need to work with the new figures from the week commencing 19 November.

Alternatives

6. If it were desired to retain the existing figure or set any other figure than £16 it would be necessary, under the 1980 Act, to pass affirmative regulations before uprating day. In practice this would mean that regulations would need to be prepared, laid, debated and approved by both Houses before 26 November. Failing that, the normal provisions would take effect automatically.

Other issues

7. An early announcement is also needed of the revised interpretation of the law relating to strikers receiving supplementary benefit who fall sick. The details were contained in the letter of 28 October from the Social Services Secretary. DHSS understand that the (independent) Chief Adjudication Officer intends to issue revised instructions to local office staff early next week. Although there is no requirement on Ministers to publicise the CAO's advice, Ministers would be open to criticism if they did not report the change to Parliament.

8. No particular constraints surround the timing of the announcement of the proposed direct payment of mortgage interest to building societies; or the introduction of regulations to implement the (already announced) decision to permit strikers to claim grants for funeral expenses.