

Payment of Social Security Benefits

Mr. Jenkin's statement went quite well today, although both the Opposition and a significant number of Government back benchers remain to be convinced about the changes proposed in his consultation paper.

Norman Buchan made an impressive debut at the despatch box. His main serious criticisms were of continuing uncertainty for sub postmasters, the implications for employment in other nationalised industries whose business might be put through the Post Office in the future, and the effect on women of the ending of child benefit as a weekly cash payment. He also tried to score a cheap point over your commitment to the weekly option for pensioners, arguing that press reports of Cabinet discussion on the value of pensions suggested that your pledges could not be relied upon.

Mr. Jenkin stressed that the rest of Europe now pay child benefit 4-weekly or less frequently, and he could not accept that the British housewife would be unable to cope. Some later questioners suggested that if our system was to follow the European pattern, so should the level of benefits. Mr. Jenkin observed that the case for weekly payment might be thought to be higher in countries with higher benefit levels.

The House had three concerns, two of which were shared on all sides. First, although the Post Office had acquiesced in Mr. Jenkin's package, this did not necessarily mean that the sub postmasters had. Exactly how their income would be sustained was far from clear. Mr. Jenkin said that he would now expect to see the sub postmasters opening new negotiations with the Post Office about their contract.

Secondly, the House was concerned about the effect of the child benefit change for mothers just out of the groups who would continue to qualify for weekly child benefit. Mr. Jenkin stood by

his comparisons with the rest of Europe, pointing out that we would maintain a weekly payment option for a much higher proportion of mothers than elsewhere in Europe.

The third point of concern - for the Labour benches plus Peter Bottomley - was on the short term financial effect of the switch to a 4-weekly system. Mr. Jenkin made it clear that, in a year of severe restraint, the £50 m which would be carried forward into the following financial year was a valuable cash flow saving. The Opposition saw it as Government robbery, which should be refunded in increased levels of benefit. Mr. Bottomley felt that the first 4-weekly payment should be made two weeks after the last weekly one, thus splitting the difference with the claimant.

In the consultation period, there is likely to be continued pressure both for widening the group who can draw child benefit weekly, and for more clear-cut definition of how the village Post Office network is to be preserved. In the end, I suspect that Mr. Jenkin will have to chip away a bit more at the savings originally suggested from the study. But he is likely to be able to carry the bulk of his proposals.

*MD*

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