



CCPC

MR C D POWELL

EUROPEAN COUNCIL: SOCIAL CHARTER

Your minute of 14 June asked the Cabinet Office to co-ordinate with Departments the production of a full statement of the social benefits available in the United Kingdom which could be drawn upon in discussion at Madrid and in briefing the press.

2. I now attach such a briefing document which brings together material prepared by the Departments concerned. It is designed to provide different levels of information, with a key note introduction and main points displayed at the outset. These are followed by a fuller account of the range of social benefits available and the labour market. Finally, a series of fact sheets is provided at the back of the briefing pack.

3. If the Prime Minister is generally content with this material it would be run off tomorrow by the COI on suitable quality paper. For Madrid we envisage providing loose leaf sheets in a briefing folder.

4. At my meeting this morning we considered the question of also making the basic material available at Mr Ingham's Friday pre-Council press briefing. It was judged that it would be useful to make clear at that stage the range of benefits made available in this country without benefit of Community provision and that, handled with care, this need not be regarded as confrontational in intent but pave the way for a better informed debate.

*My only worry is that  
it is so clinical. It doesn't  
tell an interesting story. But*

*R*

R G LAVELLE

21 June 1989

*It is too late to change  
the style now. All the information  
is there.*

CONFIDENTIAL

SOCIAL PROGRESS: THE UNITED KINGDOM'S RECORD



## INTRODUCTION

The United Kingdom has achieved a continuous growth of output over the last seven years. There are more people in the workforce than ever before. The number of jobs has risen by about 3 million since 1983, more than the rest of the European Community together. Unemployment has fallen for 34 consecutive months, and is now considerably below the European Community average.

This economic progress has been secured through the promotion of an enterprise economy. Within a firm framework of financial discipline, the UK Government has reduced taxes; it has reduced public borrowing; it has promoted the free operation of markets, by deregulation and the removal of unnecessary restrictions across industry and commerce; it has returned to private hands many areas of the public sector; and it has stimulated competition across the UK economy and internationally.

The UK's economic progress been achieved without sacrificing high levels of social protection, as can be seen from the comprehensive systems of social security provision and health care. These are assured partly by legislation, backed up by effective administrative and compliance systems, and partly through voluntary collective or individual arrangements. This approach builds on the history and practice in the United Kingdom, and enables variety and diversity in provision to fit the circumstances and the wishes of workers and citizens.

The following pages outline social progress in the UK in the fields of employment and social protection. The attached fact sheets set out some details to amplify the text.

## KEY POINT

## EMPLOYMENT

- \* There are over 26.5 million people now in work - the highest number ever.
- \* Unemployment has fallen to 1.835 million, and is well below the EC average rate of 9.4 per cent.
- \* Industrial peace is widespread, with the lowest number of stoppages for 53 years.
- \* The Government is committed to high quality relevant training through life. The Youth Training Scheme and Employment Training cover nearly a million people at a cost of £2.4bn.
- \* There is comprehensive and well-enforced legislation protecting people from discrimination.
- \* All employees have important statutory rights eg equal pay and anti-discrimination, and may be eligible for other major employment rights eg redundancy payments, unfair dismissal protection, maternity leave.
- \* There has been a great expansion in part-time jobs, meeting the needs of an increasing number of workers.
- \* The Government fully supports employee involvement on a voluntary basis and the UK has a successful record, leading Europe in encouraging financial involvement of employees in their businesses.
- \* The UK has comprehensive health and safety legislation, devised and implemented through a tripartite Commission, and with high standards of enforcement.



**KEY POINTS  
SOCIAL PROTECTION**

- \* Social protection in the UK has three outstanding elements:
  - massive State commitment to social security accounting for £51 billion, 10 per cent of GDP or nearly one sixth of the disposable income of the country as a whole;
  - complementing that, extensive occupational and private pensions and sick pay;
  - a comprehensive nationwide scheme of social assistance providing minimum income for all groups living in the UK, including unemployed workers, regardless of nationality; 4.2 million recipients of social assistance have their rent met in full from public funds.
  
- \* The social security system contains a large proportion of non contributory benefits met from general taxation. This leaves a very low burden of contributory insurance on employers and employees alike.
  
- \* Virtually all men receive the full basic rate of contributory State pension. Many women receive their State Pensions on the same basis, alternatively they can receive a 60% provision based on their husbands' contributions if that gives them more.
  
- \* In addition pensioners receive extra pensions from occupational or private pensions or from the State earnings related pension scheme. Fifty per cent of all pensioners and 70 per cent of those recently retired have an occupational pension.
  
- \* For needy pensioners, the comprehensive social assistance scheme gives extra minimum income and meets 100 per cent of rent.
  
- \* Between 1979 and 1986 pensioners' total incomes increased twice as fast as the population as a whole and the proportion in the bottom fifth of the income distribution fell from 38 per cent to 24 per cent.
  
- \* Family Credit is a generous State benefit for all low income families in work in addition to Child Benefit for every child in Britain.
  
- \* The extensive range of benefits for disabled people account for £9 billion. Many of those benefits are paid on the basis of need and do not depend on payment of contributions.



## KEY POINTS

## HEALTH CARE

- \* Gross health expenditure in 1989/90 will be £25.1 billion, a real terms increase of almost 40 per cent since 1978/79.
- \* Spending on the NHS is planned to increase to over £28 billion (gross) in 1991-92.
- \* Gross capital expenditure has risen by 45 per cent in real terms since 1978-79 and now stands at £1.25 billion.
- \* About 500 building schemes with a total value of over £4 billion are at various stages of planning, design and construction. 140 of these, costing about £900 million are planned for completion over the next 3 years.
- \* Since 1979, some 350 health building schemes each worth over £1 billion have been started and completed.
- \* Gross expenditure on the family practitioner primary health care service has risen by over 50 per cent in real terms since 1978/79 and now stands at some £4.8 billion.
- \* Future plans provide for a further real terms increase in primary care of about 10 per cent over the next 3 years to 1991/92.
- \* Expenditure on services used mainly by elderly people has increased since 1978 by 21 per cent for social services and 29 per cent for health services.
- \* 30 years ago life expectancy was 67 for men and 71 for women. Now it is 72 and 78.
- \* The infant mortality rate has fallen from 12.8 per 1000 births in 1979 to 9.2 per 1000 in 1987.
- \* More patients with a successful kidney transplant than any other European country.
- \* 315 heart transplant operations were carried out in 1987 including 72 heart/lung transplants - almost six times as many as in 1983 when only 1 heart/lung operation was performed.
- \* 11,400 coronary artery by-pass grafts were carried out in 1986 - more than three and a half times as many as in 1978.



## SOCIAL PROTECTION

*for individuals and their employees where appropriate*

Social protection ~~or~~ has been an important element of life in the UK for years. The Government's approach has been one of partnership between State, occupational and private or individual provision. No Government has sought to diminish unnecessarily the opportunity to make the additional provision which meets their wishes and needs. Securing individual rights in this way remains an important Government objective.

At the same time, the UK Government regards it as extremely important that there should be effective social protection for all, easily available as of right. The National Health Service therefore provides health care whatever a person's income, immediately available and free at the point of access, without any other qualifying conditions.

Similarly, the comprehensive State Social Security scheme combines a system of contributory benefits, covering for example age, sickness, unemployment and widowhood with a wide range of non-contributory benefits and a universal income related system guaranteeing a minimum income as of right to all persons legally resident. People are encouraged to choose how to provide for their own needs above the basic Social Security provision and in pensions this is achieved by a mixture of State earnings related pension, occupational and private provision. The State lays down standards and a statutory framework, providing for safeguards by way of regulatory bodies as necessary for those complementary schemes.

### NATIONAL HEALTH SERVICE

The National Health Service provides a comprehensive medical service for all residents irrespective of means. The needs of the community are served by family doctors, dentists, pharmacists, health visitors, district nurses, midwives and other professionals such as chiropodists and physiotherapists. This unique primary health care system reduces the need for hospital care. For those who need it, hospitals provide a full range of treatment and diagnostic facilities and many are responsible for pioneering advances in medical technology. The success of this two tier approach can be seen in the continuing increases in life expectancy among the UK population as a whole and a downward trend in infant mortality. However, the UK system of social benefits is constantly evolving. The management and organisation of the NHS is under review to build on existing success and efficiency, to give people more choice and rights as consumers and to place more emphasis on local management of local services.



## **THE ELDERLY**

People who have reached State pension age (65 for men and 60 for women) can qualify for the contributory flat-rate State pension - 96 per cent of retired men receive the full rate. Women may receive pension in their own right or pension of 60 per cent of their husband's pension if they do not receive more on their own contributions. In addition, people either contribute for an occupational or private pension or contribute for the State earnings-related pension, and about 2½ million pensioners now receive additional pension through this scheme (which was set up in 1978). More than half of the workforce are in occupational or private schemes.

The UK Government is conscious of the social needs of its growing elderly population. Elderly people want to live in their own homes and to be part of their community. The Government's policy is therefore to develop community based health and social services which help to promote independent living.

For those elderly people who for some reason have not been able to contribute sufficient to earn a pension, the Income Support scheme provides a guaranteed adequate income while the Housing Benefit scheme pays 100 per cent of rent for people of this income level.

## **MINIMUM INCOME**

Social assistance in the United Kingdom is a national scheme administered by the Department of Social Security. It provides title to a minimum income to all groups including the elderly, the sick, lone parents and the unemployed. Help is available to everyone in need without time restriction and in particular it provides a basic income for long-term unemployed people including those who have exhausted their entitlement to contributory Unemployment Benefit.

For those who are not working full-time, Income Support guarantees an adequate minimum income and this scheme has recently been restructured to give additional help to families with children. Family Credit is a benefit designed to supplement full-time earnings where these are low and there are children in the family.

Housing Benefit provides help of 100 per cent of rent to those receiving Income Support or with the equivalent income level from other sources. As benefit is gradually withdrawn as income exceeds that level and about 2 million people with incomes above the IS level receive help through this scheme with rent and local taxes.

## **PEOPLE WITH DISABILITIES**

The United Kingdom provides a wide range of State benefits for the sick and disabled at a cost of about £9 billion a year. In addition, there is a well developed system of occupational sick pay schemes. Benefits are paid for both short and long term sickness. In the short term, people can receive Sickness Benefit or Statutory Sick Pay (paid through an employer). For long term sickness, Invalidity Benefit is paid. These benefits are contributory. For those who have not been in recent employment a non-contributory benefit - Severe Disablement Allowance - is available.



The extra costs of disability are met by Mobility Allowance for people with walking difficulty and Attendance Allowance for those who need attention or supervision. In addition, Invalid Care Allowance is available to someone looking after a disabled person. All of these benefits, which are for extra needs rather than income replacement, are non-contributory.

Where a disability is due to an industrial accident or occupational disease, benefits are available to compensate for the disablement itself and for resulting loss of earnings capacity.

A wide range of services is provided for people with disabilities in the UK by health authorities, local authorities and voluntary organisations and the Employment Service. They cover a very broad spectrum - medical and nursing care, rehabilitation, therapy, supply of equipment, support services in the home, holidays, relief for carers, access to information about local services and special employment services for employed and unemployed people with disabilities. The objective is to encourage and enable people with disabilities to live independent lives in the community. Local authorities must ensure that young disabled people leaving school receive the services they need.

## EMPLOYMENT

### COLLECTIVE BARGAINING

In the UK employers and employees are free to decide pay, hours of work, holidays and other terms and conditions of employment by collective bargaining, by individual negotiation or by whatever other means they choose. Employees are generally free to decide for themselves whether or not to join a trade union and are protected by the law against dismissal on grounds either of membership or of non-membership of a union.

Over the last 10 years the Government has carried through a programme of legislative reforms to reduce industrial conflict and to strengthen the democratic rights of trade union members. The number of days lost through strikes has been reduced from an average of over 13 million in each year in the 1970s to less than 3 million in the latest 12 months. Union members are now guaranteed the right of a secret ballot to elect their leaders and to decide whether or not to strike.

### TRAINING

The Government attaches very great importance to achieving a skilled workforce to meet the needs of the labour market of the 1990s, and it is now establishing a structure of industry-led Training and Enterprise Councils geared to local training needs and economic development. It is encouraging provision of relevant training by employers and training organisations throughout the individual's working life. In 1986/7 employers spent some £18 billion on training. The Government spends nearly £3 billion on training programmes, mainly for unemployed and young people.

The major Government training programmes are the Youth Training Scheme for young people and Employment Training for long-term unemployed people over 18. These programmes guarantee training to all school leavers under 18 who do not find jobs; and to anyone aged between 18 and 25 who has been unemployed for between six and twelve months. There are currently more than 386,000 young People on YTS, and ET can help over half a million long-term unemployed People in a year. Both these programmes aim to provide individuals with high quality training leading to qualifications.



## **EQUAL OPPORTUNITIES**

The UK has comprehensive legislation, which predates EC legislation, promoting equality of opportunity and equal treatment regardless of sex. A system of industrial tribunals, with powers to award compensation and reinstatement, provides individuals with an inexpensive means of redress against discrimination in the employment field. Almost uniquely in the EC, individuals can also turn to the Equal Opportunities Commission for free advice and assistance. This is a statutory, Government-funded body which can also conduct investigations and serve non-discrimination notices, and has issued a Code of Practice, approved by Parliament.

The UK has a better record of employment growth, particularly for women, than any other EC country. Since 1983, 1.8 million more women have entered paid work. The UK has the second lowest female unemployment rate (4.4%) and the second highest female Participation rate (69%) in the EC.

Equivalent legislation also exists in Great Britain outlawing discrimination on grounds of race. The Commission for Racial Equality's functions regarding racial equality are similar to those of the Equal Opportunities Commission regarding sex equality.

## **INDIVIDUALS' RIGHTS IN EMPLOYMENT**

All employees, regardless of the hours they work, are covered by legislation dealing with a number of important employment rights. These include equal pay, discrimination on grounds of sex or race, protection against the employer's insolvency and unfair treatment related to trade union activities. In addition, everyone who has worked for at least 16 hours a week for two years for the same employer (63% of all employees) can claim other legal rights. These include redundancy Payments, redress against unfair dismissal, and the right to maternity leave. Industrial Tribunals provide an accessible means of dealing with complaints.

## **SERVICES TO UNEMPLOYED PEOPLE**

The Government provides a comprehensive placement service through its network of 2,000 Employment Service offices throughout the country. 1.9 million People, 80% of whom were unemployed, are placed in jobs every year. The offices provide free access to a range of services, mainly for unemployed People, including entry to training programmes (particularly Employment Training), Restart, which last year provided over 2 million individual interviews for long-term unemployed people, jobclubs to help jobsearch and motivation and the Enterprise Allowance Scheme to help unemployed people to set up their own business.

## **PART-TIME WORK**

Economic growth and increased labour market flexibility has led to a great expansion of opportunities for Part-time work. Since March 1983 over 1.4 million part-time jobs have been created, particularly in the service industries which benefit



from the flexibility part-time working affords. The EC Labour Force Survey shows that the vast majority of part-time workers - nine out of ten - have chosen to work part-time because it suits their particular circumstances, by enabling them to combine paid work with other activities.

### **EMPLOYEE INVOLVEMENT**

Employee involvement is one of the major success stories of British industry, and many British employers are among Europe's leading exponents of the best modern practice. This success has developed on a voluntary basis, with the encouragement of Government. One of the most effective ways of increasing commitment is to give employees a direct stake in the ownership and Prosperity of the business for which they work, through profit-sharing, employee share ownership (including employee share ownership plans (ESOPS)) and profit-related pay. The Government has directly encouraged the extension of such measures through tax reliefs which have been introduced or extended in 9 out of the last 10 UK Budgets.

### **HEALTH AND SAFETY AT WORK**

UK legislation provides a comprehensive framework for maintaining, improving and enforcing standards of occupational health and safety. It provides for the protection of employees, the self-employed and members of the public from risks which arise from work activities, and places compulsory duties on all those involved. Many EC proposals are either derived from this legislation or developed in parallel with it. The legislation is devised and implemented through the tripartite Health and Safety Commission (comprising representatives from employers, unions and local authorities) and its Executive. Standards of enforcement in the UK are among the highest in Europe, and level of accidents among the lowest. The Commission employs over 1200 inspectors, about half of them Factory Inspectors.



## FACT SHEET

### THE UK LABOUR MARKET

#### Employment

- \* Workforce in employment over 26.5m - highest ever. Since March 1983 number of people in jobs increased by 2.948 million.
- \* Over 3m self-employed; up by more than 1.1m since June 1979.
- \* Part-time employment at 6.25m - 24% of workforce.

#### Unemployment

- \* Now stands at 1.835m, down by 1.298m since July 1986.
- \* Unemployment rate (UK) 6.4% (Male 7.9%, Female 4.4%).
- \* OECD standardised rate 6.9% - well below EC average of 9.4%.
- \* Falls in all regions of the UK.
- \* Long-term unemployment at 744,000 and has fallen faster than total unemployment.
- \* Young people's unemployment -18-24's 47% lower than 3 years ago.

#### Living standards

- \* Well into 8th successive year of growth averaging 3%. Real take home pay of married man with 2 children on average earnings up by nearly a third since 1978/9.

#### Women

- \* 43% of labour force are women.
- \* 11.4m work or are seeking work
- \* Only UK in EC has lower unemployment rate for women than men.

#### Industrial Disputes

- \* Number of stoppages in 1988 lowest for any year since 1935.

## **FACT SHEET**

### **MAIN SERVICES FOR EMPLOYMENT, TRAINING AND ENTERPRISE**

#### **Restart**

Counselling interviews for long-term unemployed. In last year 2.2 million interviews carried out and 43,000 people began motivational Restart courses.

#### **Jobstart Allowance**

Offers £20 a week for up to 6 months for unemployed people who take lower-paying jobs. 10,700 applications accepted last year.

#### **Jobclubs**

Facilities, support and motivation for job-hunting. Currently 1,000 Jobclubs with places for 175,000.

### **TRAINING**

#### **Youth Training Scheme**

Broad based vocational education and training for 16 & 17 year old. 386,300 entrants now in training. Place guaranteed to all unemployed school leavers. Cost £1bn a year.

#### **Employment Training**

Flexible package of training for long-term unemployed. Will help up to 560,000 in a year at a cost of £1.4bn.

#### **Career Development Loans**

Loans to individuals for training or vocational education. £7.5 million worth of lending on over 3,300 applications.

#### **Open Learning**

Improved access to training. £2.75 million provided in 1989/90

#### **Small Firms Service**

Free management and business information service and counselling by experienced businessmen. 280,000 enquiries in 1988/89.

#### **Enterprise Allowance Scheme**

Helps unemployed people to start their own business by providing a weekly allowance of £40 for one year. 90,000 places available per year. 440,000 set up in business since scheme began in 1982.

### **SPECIAL NEEDS**

#### **Help for people with Disabilities**

Advice, rehabilitation, training and sheltered employment. Over £310 million spent helping around 200,000 disabled people last year.

#### **Inner Cities**

Help for unemployed people and small businesses. Government spends over £3 billion in 57 Urban programme areas.



**FACT SHEET  
SOCIAL PROTECTION**

**The Elderly**

- \* About 10 million individuals are in receipt of basic retirement pension - an increase of one million over the last ten years. Basic pension is increased annually in line with the movement in prices.
- \* Basic pension is intended to provide a secure foundation in retirement; the vast majority of pensioners also have income from other sources, eg savings, occupational pensions and earnings. Pensioners' average total net income increased by 23 per cent in real terms between 1979 and 1986.
- \* In October 1989 the Government will introduce a new income related benefits package for older and disabled pensioners. It is estimated that over 2.5 million pensioners will gain from this measure.
- \* Pensioners' average income from savings increased by over 7.0 per cent a year (64 per cent over the period) in real terms between 1979-86.
- \* About 70 per cent of pensioners had savings income in 1986 (compared to 60 per cent in 1979).
- \* Pensioners' incomes increased in real terms twice as fast as those of the population as a whole between 1979 and 1986.
- \* Expenditure on benefits for the elderly rose by 24 per cent in real terms between 1978/9 and 1988/9.
- \* Occupational pension schemes typically provide a pension of 2/3 salary for 40 years service or 1/2 salary plus a lump sum and most also provide widow's benefits.
- \* Average income from occupational pension schemes increased by 7.1 per cent per annum in real terms between 1979 and 1985.

**The Disabled**

Expenditure is now running at almost £9 billion a year - an increase of over 90 per cent in real terms since 1979.

**Increase in average numbers of recipients of main benefits**

	<u>1978-79</u>	<u>1978-89</u>	<u>Per Cent</u>
Invalidity Benefit	600,000	1,130,000	185
Non-contributory Invalidity Pension/Severe Disablement Allowance	150,000	265,000	176
Attendance Allowance	265,000	760,000	280
Mobility Allowance	95,000	530,000	568
Industrial Injuries Benefits	230,000	290,000	26



## Low Income Families

- \* Income Support is an income related benefit payable to people not in full-time work whose incomes are insufficient to meet their needs and those of their dependants. It is payable without time limit including to people who are long term unemployed.
- \* Family Credit is an income-related benefit payable to working families with modest earnings. The average benefit is 25 a week.
- \* Housing Benefit is an income-related benefit to help people with low income in any category with housing costs, ie both rent and rates (local taxes). It meets 100 per cent of cost for people at Income Support levels.
- \* The Social Fund provides payments for maternity and funeral costs to people on low incomes, grants to help with caring for people in the community and makes interest-free loans to people on Income Support who are faced with large and necessary items of expenditure.

## The Family

- \* Child Benefit is a tax-free, non-contributory benefit paid without any income test for all children at the rate of &7.25 a week.
- \* One Parent Benefit is an addition to Child Benefit of &5.20 a week where there is only one parent in a family.
- \* The value of family support has risen 27 per cent in real terms over the last decade.

## Planned Total Social Security Expenditure by Broad Groups of Beneficiaries for 1989/90

	<u>£ millions</u>
Elderly People	24,650
Sick and Disabled People	8,670
Family	8,540
Unemployed People	5,240
Widow and Orphans	1,220
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Totat Benefit Costs	48,320
Administration	2,660
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Total	50,980

**NB** Of the Benefit payments, £27 billion are contributory benefits and 21 billion are non contributory.