

CONFIDENTIAL



10 DOWNING STREET

14 December 1981

Dear Secretary of State

REPLY TO SOCIAL SERVICES COMMITTEE

I read with interest the draft response to the third report from the Social Services Committee that you circulated with your letter of 9 December.

I was particularly interested in recommendation 18. In principle, it would be desirable for larger numbers of the unemployed to participate in the economy through part-time work rather than not at all. I can see that there are many problems, including the incentive problem for low-income full-timers that the last paragraph of page 8 refers to.

But I do not agree with the assertion in paragraph 2 that any substantial increase in part-time work by the unemployed would probably be at the expense of those now working part-time. This suggests there are a fixed number of part-time jobs available, whereas there must be considerable scope for an increase, provided the price is right. Similarly, the sentence in paragraph 3: "Most unemployed people want full-time work and have no prospects for part-time work." is not strictly correct. The prospects of finding part-time work depend upon the willingness of employers to make use of people in this way. It is certainly not an inherently inefficient way of employing people in many industries, such as domestic service, office cleaning, commuter bus driving, etc. If attitudes were more flexible and the price of labour realistic, there could be many more part-time jobs.

One factor determining the number of part-time jobs is surely the benefit rules. As I understand it, a UB recipient is now allowed to earn up to £2 per day, but thereafter each pound earned means a pound of benefit foregone. SB recipients are only allowed £4 per week. Married couples on SB are allowed £4 each, but not allowed to combine this so that one of them earns £8. I can see difficulties, but have you considered changing the rules so that, up to some limit, an extra pound earned would only mean a loss of 50% in terms of benefit reductions? I gather that there is such a scheme for single parent families for earnings between £4 and £20.

/If you do

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If you do feel able to amend paragraphs 2 and 3 on page 8 to reflect these points, it might also be better to express the objections to part-time work a little less firmly in paragraph 5 of the first page of your reply.

I am copying this letter to the Prime Minister, the Chancellor, the Secretary of State for Employment and Robin Ibbs.

Yours sincerely
Alan Walters

The Right Honourable
Norman Fowler, MP,
Department of Health & Social Security,
Alexander Fleming House,
Elephant and Castle,
London, SE1 6BY.

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Prime Minister

(2)



Mus 18/12

10 DOWNING STREET

MR. ✓ SCHOLAR

You sent me a copy of Norman Fowler's proposed response to the Social Services Committee. I drew Alan's attention to some remarks about part-time work, and he has sent the attached comments to Norman Fowler.

A handwritten signature in blue ink, appearing to be 'AD'.

14.12.81

ANDREW DUGUID



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE
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David Wright Esq
Private Secretary
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70 Whitehall
LONDON SW1A 2AS

1. cc Press Office

2. WFSR ^{wm} 22/12

21 December 1981

Dear David

I attach a copy of the Government's reply to the 3rd Report of the Select Committee on Social Services. This reply is to be presented to Parliament and published on Wednesday 23 December.

It was agreed by H Committee on the basis of my Secretary of State's letter to the Home Secretary of 9 December.

I am sending copies of this letter and the report to the Private Secretaries of Members of the Cabinet and the Chief Whip.

Yours ever

Mary McVerry

MARY McVERRY (MRS)
Private Secretary



N130M

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Brendan O'Gorman Esq
 Private Secretary to the
 Secretary of State for
 Health and Social Security
 Alexander Fleming House
 Elephant and Castle
 LONDON SE1

15 December 1981

Dear Brendan

THIRD REPORT FROM SOCIAL SERVICES COMMITTEE

with notes -
 My Secretary of State has seen a copy of the letter sent by your Secretary of State to the Home Secretary on 9 December enclosing a copy of the suggested Government response to the Third Report from the Social Services Committee for 1980/81.

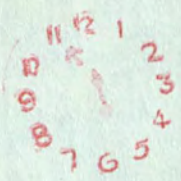
Mr Tebbit suggests that the last sentence of the response to Recommendation 17 be omitted. The earlier sentences make clear that the Committee's welcome to the extension of the long term rate to the over 60s cuts across to some extent the main thrust of their recommendation. But those receiving the rate are no longer required to register and are not counted as unemployed, so that the point cannot be pressed to far. As the Prime Minister put it on 27 July these people "will be able to retire on the higher long-term rate of supplementary benefit". I am copying this letter to the private secretaries to members of H Committee, to Willie Rickett and to Sir Robert Armstrong.

Yours

Mamie Fahey

MISS M C FAHEY
 Private Secretary

16 DEC 1981



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DEPARTMENT OF HEALTH AND SOCIAL SECURITY
 ALEXANDER FLEMING HOUSE
 ELEPHANT AND CASTLE LONDON SE1 6BY
 TELEPHONE 01-407 5522 EXT

The Rt Hon William Whitelaw MP
 Secretary of State for Home Affairs
 Home Office
 50 Queen Anne's Gate
 LONDON SW1

9 December 1981

Dear Willie.

I am enclosing a copy of the response which I suggest the Government should make to the Third Report from the Social Services Committee for 1980/81. This Report is concerned with those points of the Government's White Paper on Expenditure which concern the Health, Personal Social Services and Social Security programmes for which I am responsible. I propose that the reply be presented as in previous years, in the form of a White Paper - the Report itself attracted some press publicity which is best answered in this way.

In contrast to last year's equivalent Report from the Social Services Committee, this Report is more moderate in tone, but the Committee continue to pursue the general areas of concern expressed in last year's Report - namely, accountability of the NHS and the Department to Parliament; the achievement of effective planning procedures; the improvement of information bases for policy-making and assessment of performance. On the Health and Personal Social Services front there is little new in the Department's response, either in the general introductory remarks (paragraphs 1-5) or in the responses to the specific recommendations, many of which concern purely factual information on established policies. The responses to recommendations concerning arrangements for unemployment benefit (recommendations 17-20) are likely to be of special interest to colleagues, since they arise specifically from the present employment situation and link with other Departments policies. The draft response has already been seen at official level by the Departments most directly concerned ie Treasury, Environment, Employment, Scotland, Wales and Northern Ireland.

Our reply must be sent to the Committee before the House rises for Christmas. I should be grateful therefore if you and colleagues in H Committee could let me have any comments you may wish to make on our proposed response by Monday 14 December.

I am copying this letter to colleagues on H Committee, No 10 and Sir Robert Arms

CC - ~~Perm Secy~~
~~Mr Hulme~~
~~Mr Barnes~~
~~Mr Coles~~
~~Mr Nixson~~
~~Mr Banks~~
~~Mr Heppell~~
 Enc
~~Mr Price~~

Yours

Norman Fowler

NORMAN FOWLER

PUBLIC EXPENDITURE ON THE SOCIAL SERVICES

Reply by the Government to the Third Report from the Social Services Committee, Session 1980-81

1. In their 3rd Report of the 1980-81 Session, the Social Services Committee considered sections 2.11 and 2.12 of the White Paper setting out the Government's expenditure plans (Cmd 8175). This White Paper giving the Government's reply to the Report begins with some general observations (paragraphs 1 to 7) and then deals with the Committee's specific recommendations

HEALTH AND PERSONAL SOCIAL SERVICES

2. The Committee devote a substantial part of their Report to considering issues of planning, monitoring and accountability in the health and personal social services. The Government welcomes the recognition by the Committee of the many practical difficulties that exist and agrees that there is merit in a constructive debate. As the Government's response to the Committee's recommendations shows, there is common ground on many aspects. Differences centre upon the degree of detail that could or should be available nationally for planning and monitoring purposes.

3. For the National Health Service, the Government needs to be satisfied that health authorities are satisfactorily carrying out their responsibilities and making proper and effective use of the large public resources entrusted to them. This requires a planning base for each District and Regional Health Authority, responsive to policy direction from the Government, with the development of performance measures which will assist Regional and District Health Authorities and the Department to assess progress in the NHS towards policy objectives for service provision and greater efficiency. Progress is being made but the Government recognises that there is more to do.

4. The constitutional position is different in respect of the personal social services. Central government has taken action to ensure that adequate information is made available by local authorities to make them accountable to their electorates, and the Department collects and makes available the information necessary to judge general trends. But it is not the function of the Department to monitor individual authorities comprehensively.

SOCIAL SECURITY

5. The Committee concentrate on the effect of the high level of unemployment on social security benefit expenditure and discuss possible changes in the benefit entitlement conditions to meet this situation. The Government recognises the importance of these issues and the replies to the specific recommendations reflect its concern and outline the action which is being taken. To meet the aims identified by the Committee - reversing the trend to supplementary benefit; allowing unemployed people and disabled people to take up part-time work; and creating new jobs in the public services for unemployed people - would however mean changes which are likely to increase public expenditure. Such an approach would not be consistent with the main thrust of Government policy, which is to build a strong economy.

REPLIES TO RECOMMENDATIONS

Recommendation 1

The DHSS should ensure that accurate costings are incorporated in expenditure projections

There has been no general problem concerning the costing of NHS pay awards, though work continues to improve the data base. A new earnings information system is being introduced this year and nine regions are expected to adopt the system during this year (1981-82); other regions may implement the system over the next two years, and meanwhile have been asked to provide complementary information.

There were special problems in costing the 1980-81 pay award to Nurses and Midwives, which was based on Report Number 3 of the Standing Commission on Pay Comparability. The Standing Commission costed their recommendations at 19.3% but the Management Side of the relevant Whitley Council increased this to 20.1% in the light of their own knowledge of the existing paybill and the likely cost of improving various elements. In the event, data relating to payments for working unsocial hours proved unreliable and the award was undercosted. This particular set of circumstances is unlikely to recur. The Department already has close liaison with NHS Treasurers but, following this experience, a small group has been established to advise on the estimated cost of pay awards announced but not yet implemented.

Recommendation 2

In future the feasibility and desirability of policy changes should be tested more rigorously before becoming the basis of expenditure planning

It is not always possible to explore fully the detailed consequences of each separate option for change before comprehensive decisions are made by the Government in its review of public expenditure. And some decisions must be dependent on subsequent legislation. As the Committee noted, the revenue assumed was restored to the health expenditure programme when certain options were not pursued.

Recommendation 3

The examination of NHS finances now being undertaken by the DHSS should have regard to the implications for other aspects of the DHSS's policies, notably incentives.

The review of alternative methods of financing health care will have regard to all Government policies.

Recommendation 4

In framing expenditure plans for next year's White Paper, emphasis should be put on achieving more realism in the figures for the Personal Social Services.

The Department notes the Committee's recommendation.

Recommendation 5

The DHSS should seek to produce more accurate estimates of the demand for, and take-up of, different benefits.

The Department notes the Committee's recommendation.

Recommendation 6

No changes should be made in the White Paper which make year-on comparisons of the basic expenditure projections more difficult.

The Government recognises the importance of facilitating year-on-year comparisons between White Papers, and changes are not made without good reason. For example the Government decided that the introduction of separate programmes covering the expenditure within the responsibility of the Secretary of State for Scotland and the Secretary of State for Wales would be more consistent with the discretion each has to decide expenditure priorities. Similarly the change to cash planning for the 1981 Public Expenditure Survey will naturally affect the presentation of information in the next White Paper. However the Department will continue to assist the Committee, if requested, in making year-on-year comparisons.

Recommendation 7

There should be a strong presumption in favour of publication of DHSS studies of policy options.

The Department agrees with the Committee's recommendation. A strong presumption in favour of publishing policy options already exists. Over the last few years, public consultation on options has included the Supplementary Benefit Review; the review of the Mental Health Acts; "Care in the Community - the transfer of patients and resources from the NHS to the community"; and "Towards Better Dental Health".

Recommendation 8

Those charged with monitoring - whether at regional or national level - should report to this Committee their findings about the adequacy and quality of the health services being provided.

The Department does not think it appropriate for there to be regular reports from Regions or Management Advisory Services direct to the Committee. The Management Advisory Services will report to the District Health Authorities responsible for the local services they have examined, and will also complement the Regional Health Authorities' monitoring role. Regional Health Authorities are accountable to the Secretary of State who is in turn accountable to Parliament for the performance of the health services provided. The Department will continue to consider what further material should be made available nationally and in what form.

Recommendation 9

The Committee of Public Accounts has defined one of the functions of audit as being: "to investigate the effectiveness of programmes and projects in meeting established policy goals." This should be a high priority objective to the DHSS.

Chapter 2 of the Report of the Public Accounts Committee on the Role of the Comptroller and Auditor-General deals with the scope of his audit of the appropriation accounts. After endorsing the Government's view of the fundamental importance of efficient and thorough financial and regularity audit the Report discusses value for money and effectiveness audit. The Public Accounts Committee notes the difficulty of drawing dividing lines between these three aspects of audit, and the danger that effectiveness audit might draw the Comptroller and Auditor-General into debate on the merits of policy objectives. The Government's reply (Cmd 8323) endorses the need for this restraint.

These considerations apply to the Department's audit of the NHS. Civil Service manpower constraints mean that effort must be concentrated on financial and regularity audit. However the Department plans to increase the effort to value-for-money audit by a modest increase in audit staff and by engaging commercial accountants to audit eight District Health Authorities. The Department, whilst recognising the problems of definition, intend that the auditors should examine the efficiency with which agreed policies are being pursued, but not the merits of the proposed policies themselves.

Recommendation 10

As a matter of urgency every effort should be made to find a way to measure the savings flowing from improved efficiency.

The Government share the Committee's concern to promote efficiency in the NHS and to assess the savings that flow from this. As explained in the Department's evidence, some broad estimates of the potential for savings can be made and these underlay the decision to ask health authorities to fund £25 million of planned growth through improved efficiency and productivity. We are consulting Regional Treasurers to see how this specific saving is being made; on the more general issue of measuring efficiency, we are examining the possibilities for making further use of existing indicators though the study has so far confirmed the impression given in the Department's evidence that there are serious technical limitations to what can be done. The Department is also considering what indicators might be derived from the Körner Review of Health Services Information.

Recommendation 11

The DHSS should continue to seek to develop ways of assessing quality, independently of the input of resources: this is already the role of the Health Advisory Service and could usefully become a responsibility of any new Management Advisory Service.

The Department is already concerned to develop ways of assessing quality to complement the quantitative information it receives. The Department will draw the Committee's recommendation to the attention of those Regions participating in pilot studies of a Management Advisory Service.

Recommendation 12

Information about the numbers of patients treated should be supplemented with other indicators such as the types of case being treated or their relative seriousness.

The Department already monitors a wide range of indicators, including the types of case being treated. The annual Hospital In-Patient Enquiry provides information for example on diagnosed clinical conditions and types of surgical operations. An analysis of trends in these and related indicators was one of the three studies carried out in parallel to "Care in Action". Relative seriousness is more difficult to gauge since this will vary within conditions, but it is possible to draw tentative conclusions from the available information, as the study referred to demonstrates.

Recommendation 13

If the Secretary of State rejects the use of indicative expenditure figures to express the DHSS's priorities, he should produce alternative ways which will allow this Committee and others to monitor the progress towards the Government's policy objectives.

The retrospective analysis (using the methodology derived for the Programme Budget) supplied to the Committee indicated the direction and pace of change in spending on particular services. Examination of these trends is in many ways more useful than monitoring progress towards national indicative figures which, as stressed when they were first promulgated (in the consultative document "Priorities for Health and Personal Social Services in England" (1976), are only quantitative illustrations and do not represent targets. However, in maternity and neonatal services, following the recommendations in the Second Report from the Committee on Perinatal and Neonatal Mortality, the Secretary of State is taking steps to establish minimum standards which are attainable within a reasonable time and with reasonable staffing and finance.

Recommendation 14

Parliament should be provided with better information about the extent to which the "priorities and policies" of the Secretary of State are in fact carried out by individual authorities.

The Department notes the Committee's recommendation and will bring it to the attention of the Körner Review of Health Services Information which will be considering the development by Districts of regular reports on their performance. The Department will then consider whether, and if so in what form, information on individual authorities should be made available at national level.

Recommendation 15

The DHSS should put itself into a position to supply information about the impact of changes in local patterns of expenditure on the provision of services.

and

Recommendation 16

The DHSS should not only extend its work on the comparative analysis of the performance of local Personal Social Services, but should make such information public.

The Department's role in relation to the personal social services is in general strategic, being concerned with overall performance and with significant changes over time in the balance between different forms of care both within the personal social services and between these services and the health service. It is also concerned with the impact of changes in expenditure on the provision of services at aggregate levels. The retrospective analysis provided to the Committee identifies some relevant national trends. It is based on, and supplemented by, annual returns from all social services authorities of their expenditure and provision, which are published in aggregated form by the Department. This year, as last year, the Department also provided the Committee with expenditure figures for individual social services and health authorities; these the Committee published with their Report. Further information is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Department's regional social work service also prepares reports on various aspects of the provision made by individual authorities, but these are frequently not in a form suitable for publication.

Bearing in mind that local authorities have the statutory responsibility for provision and that they are independent, the Department considers that the information available to it is sufficient for the carrying out of its functions. It is not in a position to carry out or publish more detailed analyses of performance in individual authorities.

Various sources of information on this are however available to the public. Some performance indicators on personal social services are included in the information that authorities will be publishing locally in accordance with codes of practice agreed between central and local government. CIPFA, with central government support, last July published comparative statistics for local authorities in England and Wales based on some of this information. The independent District Audit Service is conducting a series of studies into the differences between Local Authority Social Services Departments in the forms of care which they provide for major client groups, and the comparative costs of these various forms of care. A study of services for children in care has recently been completed; others on services for elderly and mentally handicapped people are in hand, and a study of the administration of the personal social services is planned. We understand that the studies will be published, and that summaries of their findings will be included in the Chief Inspector's annual reports.

Recommendation 17

The DHSS should give further consideration to ways in which the dependence of the unemployed on supplementary benefit might be reduced.

The Government acknowledges the important issues raised by the Committee's recommendation. The Government's employment and training measures involve major developments in terms of coverage and content. These measures will enhance the employability of young people in particular by improving their training, work experience and morale; as well as strengthening our ability to respond to the challenges of a changing world economy. The expansion of the Job Release Scheme and the introduction of a new Young Workers Scheme, designed to encourage employers to take on more young people at realistic wage levels, will also reduce the number of people unemployed and getting supplementary benefit.

The extent of reliance by people who are unemployed on supplementary benefit depends on a number of factors: the incidence of unemployment among those who are and are not entitled to national insurance benefit or supplementary benefit; the extent of working among spouses; the time for which people are without a job; the relative levels of unemployment benefit and supplementary benefit. Particularly significant factors in the situation are the high incidence of unemployment among young people who have not yet acquired an adequate national insurance record; the increase in long-term unemployment - extending beyond the one year for which unemployment benefit is paid; and the fact that reductions in contributory benefit, necessary to reduce overall public expenditure, have not been accompanied by corresponding reductions in the supplementary benefit rates. The extent to which those who become unemployed have had low earnings and earlier periods of incapacity and/or unemployment is a further factor of some significance.

As successive Governments have accepted, and as experience since 1948 has shown, means-tested benefits do serve a useful purpose in enabling scarce resources to be directed to specific priority groups. But the trend towards a larger role for supplementary benefit in provision for unemployed people stems mainly from the interaction of the traditional benefit structure and the pattern of unemployment. The Government's economic policy is designed to secure a long-term reduction in the level of unemployment, in a healthier and more competitive economy. The work of the Employment and Training Services of the Manpower Services Commission improves the matching of job seekers to jobs, and enhances the ability of individuals to supply the skills that employers require. Training and retraining are important means of improving the employment prospects of young people and of those who would otherwise find it increasingly difficult to get back into work.

Only a combination of measures to extend the duration of unemployment benefit and substantially to increase its level would make a dramatic impact on numbers needing supplementary benefit. Such a combination of measures would, however, be of most value to those not entitled to supplementary benefit - such as some occupational pensioners and married women. (Paying unemployment benefit for an extra year, at the retirement pension rates, would, at 1981-82 benefit rates cost an extra £480 million, net of supplementary benefit savings, and would take off supplementary benefit (for that year) about 90,000 of the 300,000 unemployed people on supplementary benefit for more than one year.) Similarly, easing the by no means tough conditions of entitlement to unemployment benefit, perhaps by making it non-contributory, would not be of benefit only, or indeed mainly, to those unemployed young people who now have to rely on supplementary benefit. Substantial non-selective benefit increases, with corresponding increases in public expenditure would be inconsistent with the Government's overall economic policies and priorities.

The Committee has welcomed the Government's acknowledgement of the case for extension of the long-term supplementary benefit rate to long-term unemployed people. Additional help in this way will be given from this November by extension of the long-term rate to unemployed people over 60 who have been on supplementary benefit for over a year, and who cease to register for work. This change will of course, increase the amount of supplementary benefit paid to people who are unemployed.

Recommendation 18

The DHSS, in co-operation with other Government Departments, should devise a more flexible system of encouraging part-time work for the unemployed and disabled

The Department is looking at the various rules and the relationship between them with the Committee's views in mind. It will be aided in this by the Social Security Advisory Committee.

Though there is a lot of part-time employment in the economy, it is mainly undertaken by married women and by men over pension age. At a time of high unemployment when firms must look for maximum efficiency, any substantial increase in part-time work for people receiving incapacity or unemployment benefits would probably be at the expense of those now working part-time.

It would be unreasonable to expect that part-time work could make a contribution to the incomes of more than a small minority of people receiving social security benefits. Most of those getting sickness or invalidity benefit are simply incapable of work and could not do part-time jobs even if they were available. Most unemployed people want full-time work and have no prospect of part-time work. Benefit levels have to be considered on the basis that the beneficiaries will not have another, earned, source of income; not on the basis that they will.

Further, the costs of any change in policy have to be considered not only in terms of the effects on existing beneficiaries, but in terms of the new entitlement that would be opened to people who are at present not beneficiaries at all. At present, benefit is paid only to those who are looking for work, and are available for work, because they have no other overriding commitments. The low-paid full-time worker who is disabled, or the low-paid full-time worker who is representative of those most subject to unemployment, could well find the combination of benefit and part-time earnings more attractive than their existing situation. Thus incentive problems would be created; and in dealing with the consequences some new administrative measures - probably of a staff intensive nature would have to be devised.

Recommendation 19

The Secretary of State should encourage the Government to give even more serious consideration to the possibility of redeploying the existing costs of unemployment to the Government to create opportunities for people to take up work.

The Government will continue to look carefully at any scheme which seems to be both administratively feasible and to offer a cost-effective means of using more productively the money spent on benefit payments. The employment measures already announced by the Government involve a substantial increase in the resources devoted to training, work experience and employment, and to occupation through voluntary service for those who remain unemployed.

The Committee was led to this recommendation by considering the relatively low net cost to the Exchequer of job creation at the lowest rung in the NHS, after allowing for savings on benefits and other support for an unemployed family man. However the Department's evidence to the Committee showed that, in virtually all cases, there would be a net cost to the Exchequer from any additional bottom rung NHS job created to reduce unemployment, the amount depending on individual circumstances and extent of overheads.

In some circumstances job creation might be cost effective for the Exchequer (or individual employers) for example if additional staff substantially reduced overtime. The Department would expect Health Authorities to be fully alert to possibilities of this kind. But some overtime working is always necessary and more economical than engaging extra staff; where excessive overtime working occurs authorities are expected to reduce it without creating new posts.

As stated in the Government's evidence to the Select Committee on Employment, it is not a policy objective of DHSS to expand health services in order to create jobs. To create basic grade posts simply to provide employment could cause overmanning and run counter to the search for value for money and efficiency welcomed by the Committee and by the Public Accounts Committee in their recent (seventeenth) report on Financial Control and Accountability in the NHS.

The net cost of job creation would of course be lowest if recruitment is restricted to married men with non-working wives and two or more children, because benefit costs for these 'family men' are highest. Even so, the illustrative cost of £56 million for paid public service jobs for 250,000 unemployed people seriously understates the likely cost, quite apart from the potentially large costs of supervision, materials, superannuation and other fringe benefits. It seems improbable that recruitment could be restricted in this way or that those family men could be recruited on this scale. Given the actual previous earnings levels of unemployed people, and the actual incidence of benefit entitlement - both of which were over-estimated by Dr Mosley in his notes for the Committee - the net cost of employing 250,000 unemployed people on the basis postulated by the Committee would be over three times as large as the figure quoted and, if the net cost of any such scheme were to constitute additional public expenditure, this would tend to produce some offsetting reduction in employment elsewhere in the economy.

Recommendation 20

The DHSS Policy Strategy Unit should be asked to study the longer-term implications of high unemployment for the conditions attached to benefit receipt, and to consider alternative ways in which expenditure on unemployment might more constructively be used in those circumstances.

The response to Recommendations 18 and 19 points out that work is already going on in this area, and that initiatives have already been taken. The Department of Health and Social Security, in conjunction with other Government Departments, is continuing to study the longer-term benefit and other implications of a high level of unemployment.