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DEPARTMENT OF HEALTH AND SOCIAL SECURITY
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From the Secretary of State for Social Services

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON SW1

October 28 1984.

Peter Rees

SUPPLEMENTARY BENEFIT FOR STRIKERS

As you know, when we were considering the uprating of benefit earlier this year I postponed a decision on the amount by which the £15 "specified sum" should be increased.

Having considered this further, I have concluded that we should uprate the sum to £16 in accordance with the provisions of Section 6(2) of the Social Security (No 2) Act 1980. There may be some criticism, along the lines that we should amend the present regulations to prevent the situation in which a small proportion of strikers receiving benefit will lose up to 55 pence a week at the uprating (because the increased deduction will be greater than the increased benefit payable for their children). But I do not think it would be right to make such a change at present and would defend the £16 figure on the grounds that it is clearly in accordance with the established legislative requirements.

One other point has just cropped up, quite unexpectedly, on which I need your agreement. This concerns strikers who go sick. National insurance law disqualifies strikers from receiving unemployment benefit but that disqualification does not extend to sickness benefit. Thus a striker who goes sick can receive sickness benefit, though we adopt special procedures to ensure that the sickness is genuine. For many years (at least since 1948) supplementary benefit practice has followed the national insurance principle, so that a sick striker has not been disqualified for receiving benefit for his own needs, and the £15 deduction has not applied. The Chief Adjudication Officer, who as you know is statutorily independent, has recently had occasion to reconsider the position. His conclusion, after taking legal advice, was that the supplementary benefit disqualification, and therefore the £15 deduction, should continue to apply during sickness. This means that sickness benefit will continue to be payable to a striker who goes sick but that he will no longer be able to receive supplementation; and in the rare case of a striker who does not satisfy the contribution conditions for sickness benefit, he will not be able to receive supplementary benefit instead.

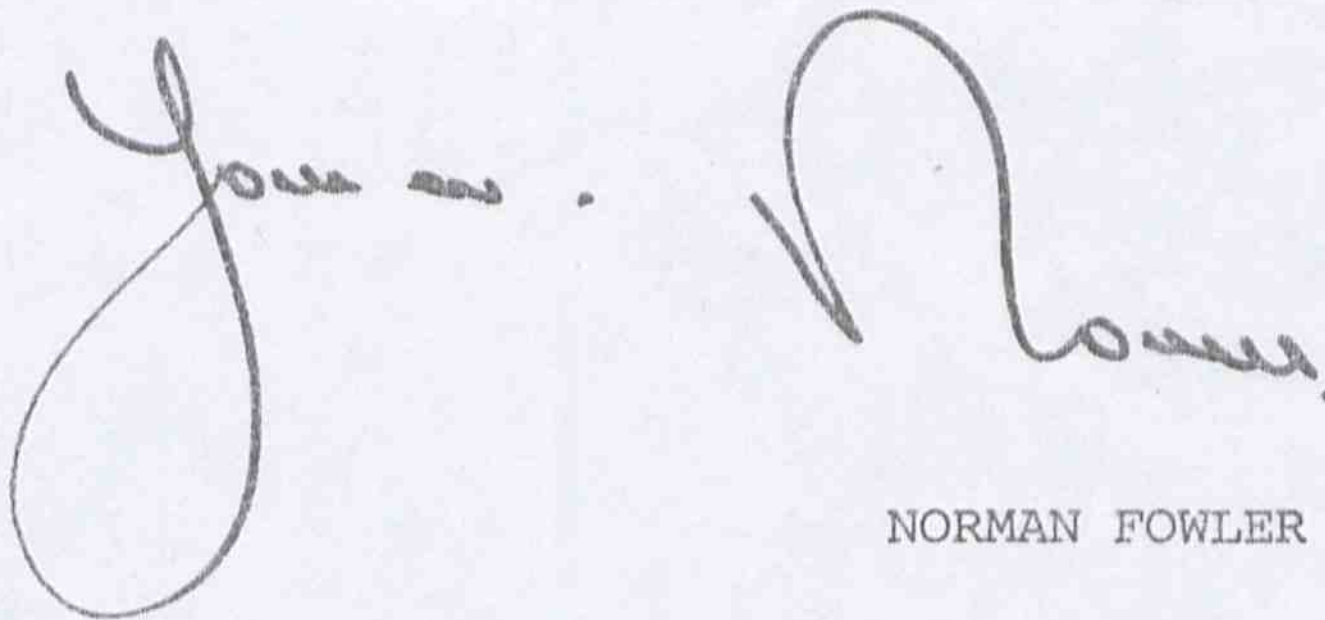
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It would be possible by making an affirmative regulation to continue the arrangements operating before this revised interpretation of the law. I have concluded that this should not be done since a striker who goes sick has not lost earnings so that his position is essentially unchanged. The position of sickness benefit is different because it is a contributory benefit paid when a given contingency - sickness - arises. But I believe that it would be a mistake to withdraw supplementary benefit from a sick striker already receiving it. Accordingly, I propose that benefit should continue in such cases on an extra statutory basis. I should be glad to have your agreement to this.

I am copying this letter to the Prime Minister, Willie Whitelaw, Leon Brittan, Nigel Lawson, Peter Walker, Michael Heseltine, George Younger, Norman Tebbit, Tom King, Nicholas Ridley, David Young and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to read 'Norman Fowler', written in a cursive style. The signature is positioned above the printed name 'NORMAN FOWLER'.

NORMAN FOWLER