

SECRET AND CMO

Amended copies for David Mervin - No 10 Copy No 1  
Anthony Langdon - Cabinet Copy No 2  
Margaret Pierson - Treasury Copy No 3  
Phillip Ward - Environment Copy No 4

- My Secretary of State  
wished to make additions  
to the tables you saw  
earlier. The new tables  
are attached

Bma Coldenwood  
29/4

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COPY NO 1

CABINET

MINISTERIAL STEERING COMMITTEE ON ECONOMIC STRATEGY  
SUB-COMMITTEE ON LOCAL GOVERNMENT FINANCE

ADDENDUM TO E(LF)(87)9

The paper referred to in paragraph 8 is attached.

Department of Health and Social Security  
30th April 1987

SECRET AND CMO

## 1: EFFECTS ON DISPOSABLE INCOME AT POINT OF CHANGE

	Col (1) without 20% contribution		Col (2) with 20% contribution	
	Cash position	Real change	Cash position	Real change
(a) <u>Income support beneficiaries</u>				
* total gainers/no change	4.3m	3m	3.3m	2.6m
* total losers	0	1.3m	970,000	1.7m
- pensioner losers	0	580,000	540,000	790,000
- pensioner losses up to £1	-	130,000	290,000	80,000
£1 - £2	-	160,000	250,000	260,000
over £2	-	280,000	-	440,000
- sick/disabled/lone parent losers	-	140,000	140,000	180,000
- unemployed (and others) losers	-	540,000	280,000	720,000
- unemployed (and others) losses up to £1	-	40,000	90,000	80,000
£1 - £2	-	100,000	190,000	160,000
over £2	-	410,000	-	490,000
(b) <u>All recipients of income-related benefits</u>				
* total gainers/no change	7.6m	5.7m	6.0m	4.2m
* total losers	590,000	2.4m	1.96m	3.8m
- pensioner losers	210,000	1.2m	1m	2.2m
- pensioner losses up to £1	80,000	340,000	450,000	660,000
£1 - £2	50,000	380,000	450,000	770,000
over £2	80,000	490,000	100,000	820,000
- sick/disabled/lone parent losers	60,000	230,000	210,000	310,000
- couples with children: losers	60,000	140,000	120,000	210,000
(in full-time work)	50,000	90,000	70,000	100,000
(not in full-time work)	10,000	50,000	50,000	110,000
- other (including unemployed) losers	270,000	800,000	640,000	1.1m
- other (including unemployed) losses				
up to £1	30,000	80,000	140,000	120,000
£1 - £2	50,000	130,000	290,000	240,000
over £2	190,000	590,000	220,000	720,000

Note: The columns headed "cash position" indicate the effect of the reforms allowing for transitional protection of income support claimants only. Transitional protection freezes benefit payments until benefit upratings take the new entitlement above the frozen amounts. This could last several years for those who would otherwise face the largest losses.

The columns headed "real change" indicate the true impact of all the reform changes on claimants once the effects of transitional protection have worked their way out.

Families  
will



## PART 2: FINANCIAL IMPLICATIONS

	<u>Savings (-)/Cost (+)</u>	<u>£ million</u>
	<u>Supplementary Ben )</u>	<u>Housing Benefit</u>
	<u>Income support )</u>	
(a) <u>Present plans</u>		
Effect of introducing a minimum 20% contribution to rates	-	-350 (non-PE)
(b) <u>Options in E(LF)(87)9 compared with £350m saving above</u>		
(i) para 7.1 - retain maximum rebate at 100 %	-	+350 (non-PE)
(ii) para 7.2 - retain maximum rebate at 90%	-	+180 (non-PE)
(iii) para 8.1 - <u>blanket</u> increase of £1.30 a week in all income-related benefits	+270 (PE)	+ 60 (PE) + 30 (non-PE)
(iv) para 8.2 - <u>selective</u> increased £1.30 a week on all premium rates	+210 (PE)	+ 50 (PE) + 25 (non-PE)
(v) para 8.3 - <u>selective</u> increase of £1.30 in certain premium rates (pensioners and families with children)	+160 (PE)	+ 45 (PE) + 20 (non-PE)

(c) Average rate bills/liability based on 20% minimum contribution

	<u>Average rate bill</u>	<u>Average 20% contribution</u>
(i) Reflected in 1985 Technical Annex	£5 a week	£1 a week
(ii) Now - all ratepayers	£8 a week	£1.60 a week
highest average (Westminster)	£15 a week	£3 a week
lowest average (York)	£4.20 a week	84p a week
(iii) Now - supplementary benefit claimant ratepayers	£6.60 a week	£1.32 a week

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