

Memorandum to Cabinet by the Honourable Minister of Labour,
Employment and Welfare

Amendment of the National Assistance Act

Sickness Assistance

Sickness Assistance is paid in accordance with the provisions of Sections 8 and 9 of the National Assistance Act, 1956. It is payable at the rate of 17s/- per week in respect of the first person in the household suffering from a disease or condition specified in the Third Schedule to the Act, and at the rate of 8s/6d per week in respect of any other person in the household suffering from such diseases or conditions.

Sickness Assistance and non-Contributory Pensions

2. In accordance with the current provisions of the National Assistance Act, a non-contributory old age pension (payable under the Old Age Pensions Act, 1948) has to be calculated in the means of a pensioner who claims Sickness Assistance. The following Table shows the effect of the non-contributory old age pension rates, which came into force on the 5th August 1970, on entitlement to Sickness Assistance.

	<u>Rates per Week</u>	
<u>Pensioners</u>	<u>Non-contributory Old Age Pension</u>	<u>Income Limit for Sickness Assistance</u>
One person	£1.17s. 6d.	£3. 5s. Od.
Two persons (couple)	£3.15s. Od.	£3.15s. Od.

From the above table it is observed that:-

- (a) A single pensioner would lose entitlement to Sickness Assistance, if in addition to his pension he has an income exceeding £1.7s.6d. per week.
- (b) A couple each receiving a non-contributory pension may at present be entitled to Sickness Assistance if they have no other income; but they would lose this Sickness Assistance in the event of any other increase in non-contributory old age pension rates.

Since the 5th August 1970, when non-contributory pension rates were increased by 5s/- per week, there have been cases of non-contributory old age pensioners who lost their entitlement to Sickness Assistance because, in addition to this pension, they had some other means.

3. It is recalled that in the policy for the current Budget it was decided that all pensions under the Widows and Orphans Pensions Act and the Personal Injuries (Civilians) Scheme, and war pensions were to be ignored in the calculation of means for all Public Assistance cash benefits. This policy has created a situation in which the person receiving a non-contributory pension, and who is not in receipt of any of the three pensions mentioned, is in a comparatively unfavourable position for the purpose of entitlement to Sickness Assistance.

4. It is considered that this situation should be rectified, and that a person or a couple who have no pension other than the non-contributory old age pension, should not lose entitlement to Sickness Assistance as a result of an increase in the rate of that pension. This can be achieved by an amendment to the National Assistance Act in this sense:-

Proposal

Where a person receiving a pension under the Old Age Pensions Act, 1948 (a non-contributory old age pension) is not entitled to a pension under the Widows and Orphans Pensions Act, the Personal Injuries (Civilians) Scheme, 1941, or is not receiving a pension in consequence of injuries or death sustained as a result of war, no account will be taken of any pension under the Old Age Pensions Act, 1948 (the non-contributory old age pension), in the calculation of means for Sickness Assistance.

Sickness Assistance Means Scale

5. The means scale on which entitlement to Sickness Assistance is determined is prescribed in the Fourth Schedule of the National Assistance Act, which is as follows:

<u>Number of persons in household</u>	<u>Means Scale Rate</u>
1	65s/-
2	75s/-
3	85s/-
4	95s/-
5	105s/-
6	115s/-
7	125s/-
8	135s/-
9 or more...	145s/-

This scale came into force on the 9th June, 1965. Prior to that date, the scale originally fixed in 1956 was in force, in which all scale rates were 5s/- lower.

6. The index of minimum wage rates (Group 1) of Government Industrial employees rose by 16.47 points from 1965 to 1968 (241.50 and 257.97 respectively). This represented an increase of 6.4%. The 1968 figures are the latest available to date. If the current minimum wage is taken as £7 per week, it is observed that since 1965, when the minimum wage of Government employees was £6.10s.3d., there has been an increase of approximately 8%. In effect the current minimum wage of Government industrial employees is £7.6s. plus the percentage increase.

Proposal

7. On the basis of the foregoing paragraph it is found that an increase of 8% on the scale rate for a household of one person would work out to approximately an increase of 5s/- on the current rate. It is considered that such an increase is fully justified. It is therefore proposed that all the current rates in the Fourth Schedule quoted in paragraph 5 above will be increased by 5s/-.

Recommendation

8. Honourable Ministers are invited to agree to the proposals in paragraphs 4 and 7 above.

DSS/64/65

19 November 1970.