



## DEPARTMENT OF HEALTH &amp; SOCIAL SECURITY

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*From the Secretary of State for Social Services*

The Rt Hon John Biffen MP  
 Lord Privy Seal  
 Lord Privy Seal's Office  
 Whitehall  
 LONDON  
 SW1A 2AT

*H*  
*13h*

13 November 1984

*Dear John*

*attached* Legislation Committee approved the Occupational Pensions Bill on 24 October (L(84)8th) for introduction on 7 November.

Since the Committee considered the Bill it has become necessary that a number of other changes approved by MISC 106 and Cabinet will need primary legislation. I therefore intend to add these items to what will become the Social Security Bill.

The additional items are:

- (i) Statutory sick pay. The Bill will extend an employer's liability to pay Statutory Sick Pay to all employees covered by the scheme from 8 to 28 weeks. A number of consequential amendments will be needed; I intend to take powers in the Bill to deal with them in regulations.
- (ii) Overlap of benefits. The Bill will prevent the overlap of invalidity allowance with the additional component of invalidity pension or retirement pension and with the guaranteed minimum pension paid under occupational pension schemes.
- (iii) Earnings limits. The Bill will make changes in the earnings limits for adult dependants of people receiving long-term benefits such as invalidity and retirement pensions.

Some of these changes are complicated and items (ii) and (iii) will not be drafted in time to be included in the Bill when it is presented.

I therefore intend to introduce them at Committee stage in the House of Commons. This does create a problem because the scope of the Bill as presently drafted is now not wide enough to allow these items to be added later.

I therefore intend to add two comparatively minor items which have been awaiting a suitable opportunity, which will be generally welcomed and which will widen the scope of the Bill. They are:

- (i) Abatement of invalidity pension. The Bill will restore, at the 1985 review of benefits, the 5 per cent abatement that was made to invalidity pension in 1980. As you know, the restoration was agreed by Cabinet last week and announced by the Chancellor yesterday.
- (ii) Over 80s pension. The Bill will allow married women who are entitled to the over 80s pension at the lower rate (currently £12.25) to qualify for the standard rate (currently £20.45) which is paid to men and other women over age 80. This is a minor benefit change which has been agreed with the Treasury.

The changes in Statutory Sick Pay will result in public expenditure savings (at 1984 benefit levels) of £200 million in 1986/87 and a manpower saving of 300/400 staff. The overlap of benefits with the abatement of invalidity pension will produce savings of £10 million in 1985/86; £17 million in 1986/87; and £29 million in 1987/88. Details of the earnings limit changes have yet to be settled but there is likely to be an eventual saving of over £30 million a year. There will be additional costs for the over 80s pension of £75,000 in 1985/86 and £225,000 in 1986/87.

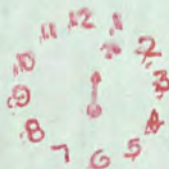
I shall be presenting the Bill to the House of Commons on Friday 16 November to keep up with your timetable.

I am copying this letter to the Prime Minister and members of L Committee.

*Norman Fowler*

NORMAN FOWLER \_\_\_\_\_

15 NOV 1984





PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

14 November 1984

Dear Norman,

OCCUPATIONAL PENSIONS BILL

Thank you for your letter of 13 November informing me of the changes which you wish to make in this Bill.

Whilst understanding the reasons why you have had to amend the Bill at such short notice, I had hoped that we would have heard the full extent of your proposals a little earlier. It does make it very difficult for the Committee to express a view at such short notice. However, in the circumstances, I think that it will be right to give the Committee's agreement to what you propose.

I am copying this letter to the Prime Minister, other members of Legislation Committee, Sir Robert Armstrong and First Parliamentary Counsel.

*John Biffen*

JOHN BIFFEN

Rt Hon Norman Fowler MP  
Secretary of State for Social Services

