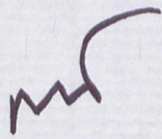


PRIME MINISTER

cc: Mr. Ingham  
Mr. Pattison

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ARRANGEMENTS FOR PAYING SOCIAL SECURITY BENEFITS

As had been expected, this Statement attracted two types of criticism. First that the change from one-weekly to four-weekly payment of child benefit would cause hardship. Second, that the loss of business from this change and the decision to give people the option of having their benefits paid directly into banks would threaten the existence of sub-post offices. The Opposition, who were led by Norman Buchan, appeared to ignore the £32 million savings that would be made. They were effectively described as "reactionaries" by Mr. Jenkin.

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Norman Buchan, Andrew Bennett and David Ennals all stressed the difficulties a move to four-weekly payment of child benefit would cause for the poorer parent. Mr. Buchan claimed that illiterate mothers would not understand the choice they were being given. Andrew Bennett said he hoped the change to new arrangements would not cause delays in payments. Mr. Jenkin successfully dealt with these points. He stressed that existing claimants would have a choice between weekly and four-weekly payment. Even after January 1982, when four-weekly payment would become the norm for new claimants, parents in hardship categories would still be able to opt for weekly payment. The forms that mothers would have to fill in would be as simple as possible. There were standing arrangements to allow urgent payments to be made before paper work was completed.

Clement Freud and Charles Morris led the criticism on the effects of these changes on sub-post offices, though a number of Conservative MPs such as Sir Timothy Kitson, Peter Bottomley and Keith Best, <sup>also</sup> expressed some concern. The thrust of the criticism was that there could be no confidence in Mr. Jenkin's assurance that new business, in the form of energy stamps, rail cards, and bus passes, would outweigh the loss of business to sub-post offices.

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/ The £2 million

The £2 million fund for sub-post offices in difficulty was described as insufficient. Mr. Jenkin answered by emphasising the depth of his consultation with the Federation of Sub-Postmasters. He said that he would be addressing the Federation's Annual Conference tomorrow and was confident of a reasonable reception. The situation would be kept under review if the expected new business for sub-post offices did not materialise. The safety fund was clearly not supposed to support every sub-post office.

The criticisms were predictable and the critics seemed grudgingly satisfied by Mr. Jenkin's replies. He managed successfully to make them appear short-sightedly opposed to change, and unconcerned with the savings made by the changes he was announcing. Overall, the mood of the House was a somewhat grudging acceptance that Mr. Jenkin's package was the best compromise solution to a delicate problem.

WKR.

12 May 1981