(4.) *United Kingdom.*

105. It will be convenient to give the following Table, showing the total estimated cost of giving effect to the Select Committee's recommendations in the three parts of the United Kingdom together.

	England and Wales.	Scotland.	Ireland.	United Kingdom.
	No.	No.	No.	No.
Estimated number of persons over 65 years of age in 1901 - - - - - - -	1,517,000	221,000	278,000	2,016,000
Deduct:				
(1.) For those whose incomes exceed 10s a week	561,000	77,000	103,000	741,000
(2.) For paupers - - - -	410,000	35,000	70,000	515,000
(3.) For aliens, criminals and lunatics -	25,000	3,500	3,500	32,000
(4.) For inability to comply with thrift test -	52,000	10,500	10,200	72,700
TOTAL DEDUCTIONS - - -	1,048,000	126,000	186,700	1,360,700
Estimated number of pensionable persons - -	469,000	95,000	91,000	655,000
	£.	£.	£.	£.
Estimated cost - - - - -	7,316,000	1,359,000	1,301,000	9,976,000
Add Administrative expenses (3 per cent.) - -	219,000	41,000	39,000	299,000
TOTAL ESTIMATED COST - £.	7,535,000	1,400,000	1,340,000	10,275,000
IN ROUND FIGURES - - - £.	7,550,000	1,400,000	1,350,000	10,300,000

V. ESTIMATE OF ULTIMATE COST OF SCHEME.

106. We shall now endeavour to form some estimate of the cost of the Select Committee's Pension Scheme after it has been put into operation, and in so doing to indicate the annual expenditure which it would probably entail in the years 1911 and 1921.

(1.) *England and Wales.*

107. In framing this estimate, we have to take into account not only the prospective increase of aged persons in the course of the next 20 years, but also the certainty that many aged persons, who are, under the present system, receiving Poor Law relief, would be able, in gradually increasing numbers, to satisfy the pension authority.

108. It is probable that the larger proportion of aged persons in receipt of indoor relief would have to remain inmates of workhouses, partly by reason of inability through physical or mental infirmity to live at home, even if they were awarded a pension. But, however that may be, as we are only concerned with the financial aspect of the pension scheme, we may leave out of consideration the substitution of pensions for indoor relief, because the cost of an inmate in a workhouse is estimated to be from 4s. 1d. to 4s. 8d. a week* which does not fall far short of the pension charge, and thus the net expense of administering indoor relief and of granting a pension would be much the same.

109. We need, therefore, only take into account the probable extent to which pensions would take the place of outdoor relief; and this we can only do in a hypothetical manner. The assumption which we propose to make, in the absence of any better one, is that by 1911 one-third, and that by 1921 two-thirds, of the present number of outdoor paupers above 65 years of age will have become pensioners.

110. This assumption involves some computation of the present cost of outdoor relief accorded to aged persons, because there would be a saving of expense on that account to be set off against the increased pension charge; and, after consultation with those most conversant with the administration of the English Poor Law, we are of opinion that the average of such outdoor relief may be considered to be 3s. per head per week. For this purpose, we think that we should take the number of outdoor paupers of 65 years and upwards to be the number which the day's count in July last established, namely (*cf.* paragraph 36) 210,000, excluding medical relief cases; in other words, that 210,000 persons may be regarded as the average number of persons over 65 to whom outdoor relief, at the average rate of 3s. a week per head, is awarded throughout the year. On these suppositions the total annual expense of outdoor paupers over 65 years of age is $\frac{3 \times 52 \times 210,000}{20} = 1,638,000l.$ Accordingly, by 1911 the saving under the head of outdoor relief would be one-third of 1,638,000l. or 546,000l., and by 1921 it would be two-thirds of 1,638,000l. or 1,092,000l.

111. In estimating the cost which the scheme would entail when in operation, we have to assume that the number of persons with incomes of 10s. a week only or less would continue relatively to be the same as now.

* *Cf.* Report from the Select Committee on the Cottage Homes Bill, No. 271 of 1899, p. 25 of the Minutes of Evidence.

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In 1911.

	No.
112. Estimating the total number of persons in England and Wales who will be 65 years of age and upwards in 1911 (*cf.* paragraph 19) at - -	1,716,000

	No.	
(1) We first assume that 37 per cent. would have incomes exceeding the pensionable limit of 10*s.* a week (*cf.* paragraph 58). 37 per cent. of 1,716,000 = -	635,000	
(2) We next assume—		
a. That 6·5 per cent. of that number would be disqualified by reason of their being, or having been, in receipt of indoor relief (*cf.* paragraph 42). 6·5 per cent. of 1,716,000 = - - -	112,000	
b. That instead of 20·5 per cent. (the proportion at present estimated to be disqualified by their being, or having been, in receipt of outdoor relief), the proportion so disqualified will be diminished by one-third (*cf.* paragraphs 42 and 109). $(1-\frac{1}{3}) \times 20\cdot5 = 13\cdot7$ per cent. of 1,716,000 =	235,000	982,000
(3) We then deduct from the remainder, viz.:		734,000
$4\frac{1}{2}$ per cent. on account of aliens, criminals, and pauper lunatics (*cf.* paragraph 93) - -		33,000
		701,000
(4) Lastly, we deduct from this residuum 10 per cent. for want of proof of industry or reasonable providence (*cf.* paragraph 86) - -		70,000
The number of pensionable persons would then be -		631,000

	£.
On these assumptions, the aggregate cost in 1911 would be $\frac{631,000 \times 6 \times 52}{20}$ = - - - -	9,844,000
and with an addition of 3 per cent. for administrative expenses, or - - -	295,000
it would be - - - -	10,139,000
But there would be a saving of one-third of the present estimated charge for outdoor relief to aged persons (*cf.* paragraph 110), viz. - -	546,000
Accordingly, the net aggregate cost would be - -	9,593,000
or in round figures - - - - - £.	9,600,000

In 1921

	No.
113. Estimating the total number of persons in England and Wales who will be 65 years of age and upwards in 1921 (*cf.* paragraph 19) at - -	1,947,000

	No.	
(1) We first assume that 37 per cent. would have incomes exceeding the pensionable limit of 10*s.* a week (*cf.* paragraph 58). 37 per cent. of 1,947,000 = -	720,000	
(2) We next assume—		
a. That 6·5 per cent. of that number would be disqualified by reason of their being, or having been, in receipt of indoor relief (*cf.* paragraph 42). 6·5 per cent. of 1,947,000 = -	127,000	
b. That instead of 20·5, the proportion at present estimated to be disqualified by their being, or having been, in receipt of outdoor relief, we assume (paragraphs 42 and 109) that the proportion so disqualified will be diminished by two-thirds $(1-\frac{2}{3}) \times 20\cdot5 = 6\cdot8$ per cent. of 1,947,000 - -	132,000	979,000
(3) We then deduct from the remainder, viz. :		968,000
$4\frac{1}{2}$ per cent. on account of aliens, criminals, and pauper lunatics (*cf.* paragraph 93) - -		44,000
		924,000
(4) Lastly, we deduct 10 per cent. from this residuum for want of proof of industry or reasonable providence (*cf.* paragraph 86), viz. - - -		92,000
The number of pensionable persons in 1921 would then be - - - - -		832,000

	£.
On these assumptions, the aggregate cost in 1921 would be $\frac{832,000 \times 6 \times 52}{20}$ = -	12,979,000
and with an addition of 3 per cent. for administrative expenses, or - - -	389,000
it would be - - - - -	13,368,000
But there would be a saving of two-thirds of the present charge for outdoor relief to aged persons (*cf.* paragraph 110), viz. - - -	1,092,000
Accordingly, the net aggregate cost would be - -	12,276,000
or in round figures - - - - £.	12,300,000

(2.) *Scotland.*

114. We frame our estimate of the prospective cost of the pension scheme in Scotland on the same assumptions as those on which the corresponding estimate for England is founded. We need, therefore, only separately refer to the amount of the probable saving in respect of outdoor relief. The average amount of outdoor relief given to aged paupers may be

taken to be 2s. 6d. a week, or 6l. 10s. for a whole year; and as the number of outdoor paupers over 65 years of age, according to a day's count, may be taken to be 20,000 (cf. paragraph 45), the total annual expense of relieving aged paupers outside the poorhouse would be 6l. 10s. × 20,000 = 130,000l. Accordingly the annual saving under the head of outdoor relief would by 1911 be one-third of 130,000l., or about 43,000l., and by 1921 two-thirds of 130,000l., or about 87,000l.

In 1911.

115. Estimating the total number of persons in Scotland who will be 65 years of age and upwards in 1911 (cf. paragraph 21) at -	No. 245,000	
(1) We first assume that 35 per cent. of this number would have incomes exceeding the pensionable limit of 10s. a week (cf. paragrap 65) 35 per cent. of 245,000 -	86,000	No.
(2) We next assume—		
a. That 4 per cent. of 245,000 would be disqualified by reason of their being, or having been, in receipt of indoor relief (cf. paragraph 46), viz.	10 000	
b. That, instead of 12 per cent. (the proportion at present estimated to be disqualified by their being, or having been, in receipt of outdoor relief) the proportion so disqualified will be diminished by one-third (cf. paragraphs 46 and 114) (1—⅓) × 12 = 8 per cent. of 245,000 =	20,000	116,000
(3) We then deduct from the remainder, viz.:		129,000
on account of aliens, criminals, and pauper lunatics (say) -		4,000
(4) Lastly, we deduct from this residuum of -		125,000
10 per cent. for want of proof of industry or reasonable providence (cf. paragraph 89) -		13,000
The number of pensionable persons would then be -		112,000
On these assumptions the aggregate cost in 1911 would be $\frac{112,000 \times 5.5 \times 52}{20}$ =		£. 1,602,000
and with an addition of 3 per cent. for administrative expenses, or -		48,000
it would be -		1,650,000
But there would be a saving of one-third of the present charge for outdoor relief to aged persons, (cf. paragraph 114) viz.		43,000
Accordingly, the net aggregate cost would be -		1,607,000
or, in round figures £.		1,600,000

In 1921.

116. Estimating the total number of persons in Scotland who will be 65 years of age and upwards in 1921 (cf. paragraph 21) at -	No. 268,000	
(1) We first assume that 35 per cent. of this number would have incomes exceeding the pensionable limit of 10s. a week (cf. paragraph 65), viz. -	94,000	No.
(2) We next assume—		
a. That 4 per cent. of 268,000 would be disqualified by reason of their being, or having been, in receipt of indoor relief (cf. paragraph 46), viz.	11,000	
b. That, instead of 12 per cent. (the proportion at present estimated to be disqualified by their being, or having been, in receipt of outdoor relief), the proportion so disqualified will be diminished by two-thirds (cf. paragraphs 46 and 114) (1—⅔) × 12 = 4 per cent. of 268,000 =	11,000	116,000
(3) We then deduct from the remainder, viz. -		152,000
on account of aliens, criminals and pauper lunatics (say) -		4,000
(4) Lastly, we deduct from this residuum of -		148,000
10 per cent. for want of proof of industry or reasonable providence (cf. paragraph 89) -		15,000
The number of pensionable persons would then be -		133,000
On these assumptions the aggregate cost in 1921 would be $\frac{133,000 \times 5.5 \times 52}{20}$ =		£. 1,902,000
and with an addition of 3 per cent. for administrative expenses or -		57,000
it would be -		1,959,000
But there would be a saving of two-thirds of the present charge for outdoor relief to aged persons, (cf. paragraph 114), viz. -		87,000
Accordingly, the net aggregate cost would be -		1,872,000
or, in round figures £.		1,850,000

(3.) Ireland.

117. Unlike England and Scotland, the number of persons over 65 years of age in Ireland is estimated to decrease by slow degrees between now and 1921 (cf. paragraph 23). But, notwithstanding this decrease, the pension charge will not be correspondingly diminished, because the average amount of outdoor relief does not exceed 1s. 3½d. a head per week, or 3l. 7s. a head per annum; and consequently pensions will be appreciably more costly than outdoor relief, for which they would gradually be in part substituted.

118. As the number of aged outdoor paupers is, according to a day's count, computed at 27,000 (*cf.* paragraph 48). the annual cost in respect of them is $\frac{27,000 \times 67}{20} = 90,000l.$; and so the saving under the head of outdoor relief would by 1911 be one-third of 90,000*l.* or 30,000*l.*, and by 1921 two-thirds of 90,000*l.* or 60,000*l.*

In 1911.

	No.
119. Estimating the total number of persons in Ireland who will be 65 years of age and upwards in 1911 (*cf.* paragraph 23) at - - - -	270,000

	No.	
(1) We first assume that 37 per cent. of this number would have incomes exceeding the pensionable limit of 10*s.* a week (*cf.* paragraph 70). 37 per cent. of 270,000 = - - -	100,000	
(2) We next assume—		
a. That 10 per cent. of 270,000 would be disqualified by reason of their being or having been in receipt of indoor relief (*cf.* paragraph 50), viz.	27,000	
b. That instead of 15 per cent. (the proportion at present estimated to be disqualified by their being or having been in receipt of outdoor relief), the proportion so disqualified will be diminished by one-third (*cf.* paragraphs 50 and 118) $(1-\frac{1}{3}) \times 15 = 10$ per cent. of 270,000 =	27,000	
		154,000
(3) We then deduct from the remainder, viz. - -		116,000
on account of aliens, criminals, and pauper lunatics (say) - - - - -		4,000
(4) Lastly we deduct from this residuum of - -		112,000
10 per cent. for want of proof of industry or reasonable providence (*cf.* paragraph 91) viz. - -		11,000
The number of pensionable persons would then be -		101,000

	£.
On these assumptions the aggregate cost in 1911 would be $\frac{101,000 \times 5 \cdot 5 \times 52}{20}$ = - - - -	1,444,000
and with an addition of 3 per cent. for administrative expenses, or - - - - -	43,000
it would be - - - - - - -	1,487,000
But there would be a saving of one-third of the present charge for outdoor relief to aged persons (*cf.* paragraph 118), viz. - - -	30,000
Accordingly the net aggregate cost in 1911 would be - - - - - - -	1,457,000
or, in round figures - - - - £.	1,450,000

In 1921.

	No.
120. Estimating the total number of persons in Ireland who will be 65 years of age and upwards in 1921 (*cf.* paragraph 23) at - - -	252,000

	No.	
(1) We first assume that 37 per cent. of this number would have incomes exceeding the pensionable limit of 10*s.* a week (*cf.* paragraph 70). 37 per cent. of 252,000 =	93,000	
(2) We next assume—		
a. That 10 per cent. of 252,000 would be disqualified by reason of their being, or having been, in receipt of indoor relief (*cf.* paragraph 50), viz.	25,000	
b. That, instead of 15 per cent. (the proportion at present estimated to be disqualified by reason of their being, or having been, in receipt of outdoor relief), the proportion so disqualified will be diminished by two-thirds (*cf.* paragraphs 50 and 118) $(1-\frac{2}{3}) \times 15 = 5$ per cent. of 252,000 = -	13,000	
		131,000
(3) We then deduct from the remainder, viz.:		121,000
on account of aliens, criminals, and pauper lunatics (say) - - - - - -		3,000
(4) Lastly, we deduct from this residuum of - -		118,000
10 per cent. for inability to prove industry or reasonable providence (*cf.* paragraph 91) viz. - - -		12,000
The number of pensionable persons would then be -		106,000

	£.
On these assumptions, the aggregate cost in 1921 would be $\frac{106,000 \times 5 \cdot 5 \times 52}{20}$ = - - - -	1,516,000
and with an addition of 3 per cent. for administrative expenses, or - - - -	45,000
it would be - - - - - - -	1,561,000
But there would be a saving of two-thirds of the present charge for outdoor relief to aged persons (*cf.* paragraph 118), viz. - - -	60,000
Accordingly, the net aggregate cost in 1921 would be - - - - - - -	1,501,000
or, in round figures - - - - £.	1,500,000