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DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

*Mr discussed
with Chamber
today. He
will consider
future with
minutes concerned*

The Rt Hon Sir Geoffrey Howe, QC, MP
Chancellor of the Exchequer
Treasury Chambers
Great George Street
London SW1

6 February 1980

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Dear Geoffrey,

PUBLIC EXPENDITURE DECISIONS - SOCIAL SECURITY

The decisions taken in Cabinet last Thursday present us with some tactical problems in relation to the timing of the announcement and the progress of the Social Security Bill, which will be the legislative vehicle for the main economies. The Southend by-election on 13 March is another complication.

As I understand it, the present intention is that the public expenditure White Paper should be published on 18 March, and that there should be no separate announcement about the social security changes. I would certainly prefer to see the package announced as a whole - including the child benefit increase or, at the least, an announcement that there will be a child benefit increase. I can well understand, too, that the Party managers do not want any announcement about benefit changes before the by-election. But I am afraid it is not possible to reconcile all these considerations with the requirements of the Parliamentary timetable.

The position on the Social Security Bill which I have discussed in detail with Michael Jopling is as follows. We need Royal Assent for the Bill by the end of May, for essential and unavoidable operational reasons. It must therefore clear the Commons by Easter - indeed, the Lord President said in Legislation Committee that it was essential to take second reading in the Lords by Easter. The Chief Whip's view is that the very earliest date for completing Committee stage (and this will require a guillotine) is 11 March for third reading and report during the week 17 to 21 March. The new Clauses will then have to be tabled on 13 March; the day of the by-election.

Thus unless we jeopardise the implementation of the changes made by the Bill to social security provisions - which immediately affects planned savings in public expenditure - the latest day for announcing the changes is the day planned for the by-election. This is obviously cutting things very fine indeed and it

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would seem to me to be open to such serious presentational difficulties that we ought to be looking at the case for an earlier announcement or the possibility of bringing forward the date of the by-election. An additional point arises in your letter of 1 February about suspending indexation of public service pensions which you suggest might be done by way of an amendment to the Social Security Bill. I have serious reservations about this proposal but, if agreed, it too would affect our consideration of the timing of an announcement on public expenditure.

Would you be willing to convene an urgent meeting of the various Ministers concerned so that we can arrive at a joint recommendation and put it to the Cabinet?

I am sending copies of this letter to the Prime Minister, the Lord President, the Home Secretary, the Chancellor of the Duchy, the Paymaster General, the Chief Whip, the Secretary of State for Employment and Sir Robert Armstrong.

Yours
R
Kathleen

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