

*David Willetts.**Seen by PM 17/10**48*

PRIME MINISTER

## PAYMENTS TO STRIKING MINERS FOR MORTGAGE INTEREST

I have conducted an urgent review of the payment of mortgage interest to strikers receiving supplementary benefit. I will put to colleagues proposals for early action.

The immediate issue is the misuse of money provided for one specific purpose (maintenance of mortgage interest payments to prevent foreclosure and homelessness) because of the failure of the building societies to insist on its payment to them. I intend to stop this by changing the regulations so that no mortgage interest is paid to strikers without clear evidence that it is actually being demanded by the building society; and then to ensure that it would be paid direct to the building society itself, preventing the striker from using it for other purposes. With your agreement, I will put this proposal to H Committee early next week. If colleagues agree, the new regulations can then be laid and implemented within days.

I share colleagues' concern, however, that this step alone may not be enough. I am considering the further possibilities, ranging from the ending of all assistance with strikers' housing costs to the replacement of the current provisions with a system of loans. The implications of such options would be more far-reaching and they would take longer to implement. I will report back shortly on my conclusions: but I do not think we should let such further possibilities prevent us from taking immediate steps to stop the particular abuse which has emerged.

I would be glad of your agreement to this approach. I am copying this to Nigel Lawson.

  
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19 October 1984