



DEPARTMENT OF HEALTH & SOCIAL SECURITY
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From the Secretary of State for Social Services

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
Treasury Chambers
Great George Street
LONDON
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March 31 1982

Dear Leon.

PUBLIC EXPENDITURE SURVEY 1982

You sent me a copy of your minute to the Prime Minister about the public expenditure survey 1982.

I accept generally the proposals you have for the handling of the public expenditure survey in 1982. But I must reserve my position on the proposal that estimating increases on demand-determined services should count as additional bids. I appreciate that in some respects this has been done on previous public expenditure rounds. But it has not in practice been applied to social security expenditure. If it were, would it imply, to take a very basic example, that if our estimate of the number of people entitled to retirement pensions went up, we could be required to pay for the increased estimate by reducing the real value of the retirement pension? That does not seem to be a line we could sustain. Nor would it be any easier to sustain if we were to reduce the value of any other benefit for this purpose. My position therefore must be that social security should be treated as an exception to this general proposition.

I am copying this to the Prime Minister, the other members of the Cabinet and Sir Robert Armstrong.

James

Norman Fowler
NORMAN FOWLER