

CONFIDENTIAL



CC 100

PRIME MINISTER

PAYMENT OF STRIKERS' HOUSING COSTS

Concern was expressed at Cabinet on 18 October that supplementary benefit payments to striking miners, which were intended to meet payment of mortgage interest, were in fact being diverted to other uses. The Secretary of State for Social Services was asked to consider methods of preventing this and to bring proposals urgently to the Home and Social Affairs Committee. The Committee discussed his memorandum (H(84)41) today and colleagues will wish to know our conclusions.

2. On the main issue, the Secretary of State proposed to end the abuse by amending the supplementary benefit regulations so that the payment of mortgage interest should be in the form of a separate giro payable only to the building society. The Committee agreed to this proposal. The Secretary of State agreed to consider further whether these new arrangements should apply only to strikers or, as several members of the Committee thought would be preferable, to all recipients of supplementary benefit receiving mortgage assistance.

3. Your Private Secretary's letter of 29 October suggested that additionally payments to building societies should be in the form of a loan, recoverable by the Government six months after the end of the strike. There was considerable support in the Committee for this course of action. There would, however, need to be comparable treatment of rents and this and the problems surrounding enforcement need to be studied. Primary legislation would be needed. The Secretary of State undertook to examine these issues and to bring forward further proposals. In the meantime the agreed action on direct payment to building societies should not be held up.

CONFIDENTIAL

CONFIDENTIAL

4. The Secretary of State also raised an issue on the payment of housing benefit to single strikers who live with their parents or other relatives and claim to pay for their board and lodging. The NUM have discovered a loophole in the housing benefit regulations which would require housing benefit to be paid in respect of the rent element of such board and lodging charges. This was never intended. If widely used (by others eligible for housing benefit as well as strikers) there would be a significant cost. The Committee, while recognising the virtual impossibility of constructing completely watertight regulations on this, agreed that this loophole should be blocked.

5. I am sending copies of this minute to Cabinet colleagues, the Paymaster General, the Chief Whip, and Sir Robert Armstrong.



30 October 1984

CONFIDENTIAL

NAT IND PT 14

COAL

COAL