

*Original LGR*

10 DOWNING STREET

*Social Sec*

THE PRIME MINISTER

17 March 1980

Dear Sir Bernard

Thank you for your letter of 8 February about the level of child benefit.

Now that child tax allowances have generally been phased out, there is no particular reason why April should be the month for uprating child benefit. Other social security benefits are uprated in November and it is logical that any child benefit uprating should be at the same time.

The Government are well aware of the difficulties facing families with children. We intend to ensure that there is a reasonable level of child support. But we have to recognise the competing demands for the limited financial resources available. Child Benefit is an expensive benefit; each 10p increase in the level of the benefit would cost about £60 million in a full year. Child benefit is still of greater value to most basic-rate taxpayers than the child support provided in recent years, through child tax allowances combined with family allowances or child benefit at earlier levels.

We will announce any future changes in the benefit at the appropriate time. There are no current proposals to amend the section in the Child Benefit Act dealing with the uprating of child benefit.

I am sorry that I cannot be more helpful. Our prime objective must be to get the economy moving; only that can provide the resources needed for the improvements we would all like to make.

Yours sincerely

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Sir Bernard Ledwidge, K.C.M.G.

jfh