

CONFIDENTIAL

HC/0427t/2



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for Social ~~Services~~ Security

The Rt Hon Norman Fowler MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

NBFM at this stage.

Plub 3/10

3 October 1988

Dear Norman,

COMMUNITY CHARGE: RPI
WILL REQUEST IF REQUIRED

I am writing to you further to Peter Lloyd's letter of 8 September, and to add my strong support to his view that it is essential that the community charge be included in the RPI.

As far as DSS is concerned, it is imperative that the RPI continues to be seen as a credible measure of the movement in the level of prices. If public confidence in the index is lost, there would I am sure be intense pressure for the use of earnings as an alternative index for uprating social security benefits.

Indeed, at upratings attention is always focused on how well retirement pensioners have been provided for. The accusation of "short changing" pensioners would be just one of many considerable presentational difficulties that would be caused by exclusion of the community charge from the RPI.

I am copying this letter to the Prime Minister, the Chancellor of the Exchequer, the Secretaries of State for the Environment, and Scotland, and to Sir Robin Butler and the Head of the Government Statistical Service.

JOHN MOORE

