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10 DOWNING STREET

From the Private Secretary

30 September 1983

*Follow-up to this letter  
on Social Services, Sept '83,  
Redundancy Payments and Supplementary  
Benefit.*

Dear Steve.

Redundancy Payments and Supplementary Benefit

The Prime Minister's attention has recently been drawn to the argument for qualifying in some way the treatment of redundancy payments in connection with the payment of supplementary benefit. It is argued, on the one hand, that there might be a case for spreading payment of redundancy money over, say, five years, to avoid the situation in which these large capital sums are spent to little lasting effect, with the recipient then moving directly on to supplementary benefit; a solution to this problem might, for example, be to deem a redundancy payment recipient as having an income of an appropriate size, such deeming to be disregarded if the recipient had lost his redundancy money in setting up his own business. It is argued, on the other hand, that the size of the capital sum is in itself highly useful in achieving otherwise difficult, but necessary, redundancies. The Prime Minister would be grateful if your Secretary of State could let her have a note on whether the entitlement to supplementary benefit should be qualified for those recently in receipt of redundancy payments, in the light of these arguments.

I am sending a copy of this letter to Margaret O'Mara (HM Treasury) and Richard Hatfield (Cabinet Office). I would be grateful if you and they would restrict access to this letter to the maximum extent possible.

*Yours sincerely,*

*Michael Scholar*

*SE*

Steve Godber, Esq.,  
Department of Health and Social Security.



10 DOWNING STREET

Duty Clerk

Pl note that these 3 letters <sup>= 1 + 2 copies</sup>  
are part of the follow-up to the  
Chegness unemployment mtg; the  
rest of which was followed up in  
my letter of 14/9 to J Ken  
(On Part 10 of "Special Employment  
Measures ....") ; or will be as  
promised in RTA's minute of 7/9  
MUS 30/9