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Prime Minister:

Yes not

This will cause a row, but is clearly unavoidable and right. Agree? DR

PRIME MINISTER

HOUSING BENEFIT AMENDMENT REGULATIONS

Colleagues agreed in October (H(84)20th meeting) that urgent amendments should be made to the Housing Benefit Regulations to block a loophole in the regulations which allows benefit to be paid to people living with their families. I announced my intention to act urgently at the beginning of November. I am required by statute to consult with the Local Authority Associations and the Social Security Advisory Committee on the draft amendments. Those consultations - which were done on a truncated timetable - ended yesterday and the regulations are ready to be made and laid before the House next week.

attached

14/2

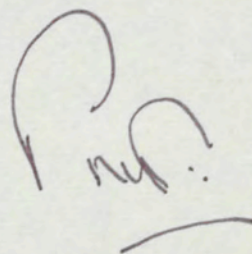
Although the loophole came to light in the context of the miner's strike, it applies generally and means that anyone on a low income can benefit for payments of board and lodging made to their parents. It is now being promoted not only by the NUM but also by other pressure groups. The number of claims being made is therefore increasing rapidly and, since claims can in exceptional circumstances be backdated for up to a year, the benefit cost is also escalating. We estimate that it could already by some £200,000 a week. This adds to the urgency of laying the Regulations - and bringing them into effect - before the Recess. Delay would almost certainly add substantially to the number of admissible claims.

The involvement of the NUM in promulgating knowledge of the loophole means that its ending will inevitably be controversial. Local authorities are already making payments to several thousand single strikers. Nonetheless, I think we would be quite wrong, and open to criticism, if we did not act to end what is an abuse of the intentions of the Housing Benefit scheme. Moreover, we have made quite clear since the beginning of November that we intended to do

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so as soon as possible.

I think this all points to proceeding now, despite the imminence of the recess. Unless you or colleagues advise otherwise, I shall therefore introduce the Regulations as early as possible next week, to come into effect the next day.

I am copying this minute to the Lord President, the Lord Privy Seal, the Chief Whip and the Secretary of State for Energy.

A handwritten signature in dark ink, appearing to be 'P. M.' with a horizontal line underneath.

13 December 1984

N F

CONQUEROR



JR

10 DOWNING STREET

17 December 1984

From the Private Secretary

HOUSING BENEFIT AMENDMENT REGULATIONS

The Prime Minister has now seen your Secretary of State's minute of 13 December on the procedure he intends to take to put into effect the above regulations. Mrs. Thatcher was content with the line your Secretary of State proposes.

(TIM FLESHER)

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