



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

28 May 1985

Steve Godber Esq  
Private Secretary to the  
Secretary of State for Social Services  
Department of Health & Social Security  
Alexander Fleming House  
Elephant and Castle  
LONDON SE1

*NBM*

*Dear Steve,*

**SOCIAL SECURITY REVIEW: UPDATING TIMING**

Thank you for your letter of 23 May.

The Chancellor accepts that the measures you have shown would enable us to secure savings of £150 million in 1986/87. (These would, of course, be in addition to the amounts outstanding from the last Survey, of £105 million in 1985/86 and £123 million in 1986/87, on which your Secretary of State will no doubt be writing to the Chief Secretary shortly). The Chancellor would be grateful for confirmation that the £30 million attributable to measures affecting students is a net figure ie after any necessary transfers to the DES programme.

As you emphasise in your letter, the agreement at the Prime Minister's meeting was to secure savings of at least £150 million in 1986/87. The Chancellor therefore thinks that further work should be primarily directed at identifying further measures that might be brought forward to July 1986 with a view to increasing the total savings in that year. He thinks these issues should be pursued in the context of the current Survey.

The Chancellor understands that there have been a number of detailed changes to the savings from the reviews. He would be grateful for an up-to-date list of costings, indicating how these now make up the agreed savings of £800 million in 1987/88 and £1 billion in 1988/9.

Finally, the Chancellor notes that the appropriate level for child benefit after the 1985 uprating will be for discussion in the Survey. As you know, his view is that it should be maintained at £7.00 per week for the Survey period.

I am copying this letter to Andrew Turnbull.

*Yours ever  
Rachel*

RACHEL LOMAX  
Principal Private Secretary



Social Services: Review  
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cc DW 3P

DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

*From the Secretary of State for Social Services*

SECRET AND CMO

Mrs Rachel Lomax  
H M Treasury  
Whitehall  
LONDON SW1

23 May 1985

*Dear Rachel*

SOCIAL SECURITY REVIEW: UPRATING TIMING

My Secretary of State undertook, at yesterday evening's meeting with the Prime Minister, to let the Chancellor have a note on the review savings that, as matters now stood, might be brought forward to July 1986. The list below, which gives the full year savings, demonstrates that we could achieve savings in 1986/87 of at least £150 millions if we took these measures. It would however be a matter for decision nearer the time, in the light of any further work we had done, whether we took these particular measures to meet the target figure, or whether there were better alternatives.

The measures are:

|   |       |             |
|---|-------|-------------|
| Introducing a capital limit into housing benefit: | up to | £90 million |
| Increase in housing benefit rates taper:          |       | £45 million |
| Measures affecting students:                      |       | £30 million |
| Curtailment of mortgage interest payments:        |       | £60 million |
| Supplementary benefit additional requirements:    |       | £12 million |

I am copying this to Andrew Turnbull at No 10.

*Yours  
Steve*

S A GODBER