

PRIME MINISTER

MISC 111 TOMORROW

Here are some further papers for tomorrow's meeting:

- Flag B: note by the Cabinet Office about issues for discussion tomorrow, together with a helpful list of possible conclusions to be drawn on in your summing up;
- Flag C: note by John Redwood;
- Flag D: figures for the savings from modifying SERPS;
- Flag E: paper by the Treasury on inter-actions between the social security proposals and local authority finance proposals. The existence of this study should NOT be mentioned at the meeting tomorrow;
- Flag F: minute by Mr. Brittan;
- Flag G: minute by Mr. Hurd;
- Flag H: letter from Mr. King.

The analysis in the Treasury paper (Flag E) is based on earlier proposals by Mr. Fowler and Mr. Baker but the results are broadly indicative of the likely pattern with the new proposals. See in particular the covering letter, table 5 and paragraph 19.

The Cabinet Office have proposed that a further study should be carried out under their chairmanship. The Treasury are nervous that Mr. Fowler or others could use this as an excuse to undo the proposals or undermine the work of the Star Chamber. There is something in this, and I understand the Chancellor mentioned it to you on Sunday. The timing of a study would however be under the control of the Cabinet

Office consulting No.10 and the Treasury. Alternatively the Treasury could do another study. (The present Treasury paper is a very good piece of work mainly by Michael Scholar and Ian Byatt and I should like to thank the Treasury warmly on your behalf.)

Of the Ministerial letters only Mr. Brittan's (Flag F) is worth your attention. Mr. Hurd is writing to support Mr. Fowler on SERPS and the timing of changes, and Mr. King has written about special difficulties with presenting the proposals in Northern Ireland.

DN

(David Norgrove)

14 October 1985