



PRIME MINISTER

SOCIAL SECURITY REVIEW

Since the last meeting of MISC 111 the Chief Secretary and I have discussed and agreed upon a number of savings measures which will together total about £200 million and have the effect of keeping my 1988/89 programme within the asterisked figures in the Autumn Statement. The details are annexed to this note. Our agreement is subject to the provisos that:

- (i) the costing of individual measures has been undertaken hastily and may need refinement. We are, however, satisfied that the figures are all of the right broad order;
- (ii) new measures may, by agreement, be substituted for any of those in the Annex which have not already been announced if, by so doing, we are able to save the same money in a more acceptable way;
- (iii) if it remains necessary to score the lesser cost of transitional protection in order to reach the target for 1988/89, other measures will be identified to replace this saving as it runs out in later years.

On this basis we feel we can advise colleagues that we are agreed on the details of the scheme which I have put forward and, in particular, on the changes which I have made in order to minimise the number of pensioner losers. A further change which I am making to help pensioners is to alter the housing benefit tapers for rent and rates from 55%/25% to 60%/20% respectively. This has no PSBR cost, but transfers to Public Expenditure savings which were previously revenue forgone.

I am copying this to the Lord President of the Council, the Chancellor of the Exchequer, the Chief Secretary and the Chancellor of the Duchy of Lancaster.

25 November 1985

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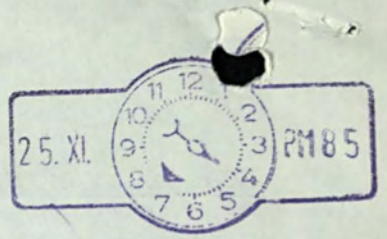
Public Expenditure
Savings (£ million)
in 1988/89Measures proposed

1.	Reduction in the level of income support for single people under 25 and for childless couples	20
2.	No uprating of child benefit in April 1988	75
3.	Modification of the industrial injuries scheme, mainly designed to switch help from the less to the more severely disabled	40
4.	Removal of title to reduced-rate short-term benefits for people who do not fully satisfy the contribution conditions	30
5.	Offset of unemployment benefit against occupational pension exceeding £35 a week (which applies at present to pensioners over 60) for those between 55 and 60	10
6.	Increased effort to recover money from "liable relatives" (net of extra administrative cost)	10
7.	Reduction in the transitional protection needed for the new scheme	20
	Total	205

*If it didn't leak
it would be announced
October 1987*

*Difficult to
stop this being
public in autumn 1987
if it doesn't leak
by then.*

*A small number would not
produce these
savings.*



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10 DOWNING STREET

From the Private Secretary

26 November 1985

Dear Tony,

SOCIAL SECURITY REVIEW

The Prime Minister has seen your Secretary of State's minute of 25 November and has noted the description of the savings measures which he has agreed with the Chief Secretary.

I am copying this letter to Joan MacNaughton (Lord President's Office), Rachel Lomax (HM Treasury), Richard Broadbent (Chief Secretary's Office, HM Treasury) and Andrew Lansley (Chancellor of the Duchy of Lancaster's Office).

*Yours ever,
David*

David Norgrove

Tony Laurance, Esq.,
Department of Health and Social Security.

DA

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