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10 DOWNING STREET

From the Private Secretary

3 March 1982

Dear Brendan

RPI treatment of housing costs for supplementary beneficiaries

As you know, your Secretary of State and the Chief Secretary met the Prime Minister at the House of Commons last night to discuss the announcement made by Mr. Rossi in Committee that morning.

Mr. Fowler apologised to the Prime Minister for the failure to alert her before Question time about the unexpected developments in the Committee, which were the result of a successful ambush by Mr. Jeff Rooker. The announcement had been timed for Thursday's Committee proceedings.

The Prime Minister said that she was concerned not only with the position in which she had found herself at Question time, facing a challenge on a matter of which she knew nothing, but about the substance of the change which was proposed in the regulations. She recognised that the change was among a number of items which may have been summarised to her in the course of public expenditure discussions last November, but she was clear that the implications had never been spelt out. Now that the announcement had been made, there would be considerable difficulty in changing the decision. But she nevertheless believed that the implications had not been thought through.

In the discussion that followed, the Prime Minister posed two questions. First, she wanted to be convinced that the new arrangements would apply fairly to all recognisable categories of those claiming supplementary benefit. She was concerned about the position of a claimant who might be living with family, making some contribution to household expenses but not making an identifiable rent or rate contribution. It seemed that such a person would not have access to UHB, but would nevertheless be penalised in supplementary benefit uprating. Secondly, she believed that there was no logic in tackling only this apparent anomaly in the relevance of the RPI to the needs of those on supplementary benefit. There were many items in the RPI calculation which were relevant to the lifestyles of only a proportion of people. The implication of the change was that this was a unique case of possible double counting. Yet all those on supplementary benefit were automatically entitled to prescription charge exemption, so it could be argued that the prescription charge item should also be eliminated from

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the RPI for SB claims. Similar arguments might be advanced on, for example, fuel costs and travel costs given the concessions to various categories of people.

Your Secretary of State agreed that it would be useful to have some further discussion of these points. He emphasised that there was no presentational problem over the Prime Minister's exchange in the House with Mr. Rooker. The only relevant "Act" was the Social Security Act 1980, which dealt with pensions in relation to the RPI. Supplementary benefit was not the subject of separate legislation.

We have now arranged a further discussion for 1630 hours this afternoon here.

I am sending copies of this letter to Terry Mathews (Chief Secretary's Office) and David Wright (Cabinet Office).

*Yours ever*

*Mike Pattison*

Brendan O'Gorman, Esq.,  
Department of Health and Social Security.

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