



10 DOWNING STREET

*From the Private Secretary*

CHIEF SECRETARY

Changes in the Uprating of Social Security  
Benefits

I thought I ought to record a couple of points made to me by David Butler this evening about your meeting with the Prime Minister. — *this evening*

David Butler says that the savings which arise as a result of taking the double counted housing component out of the RPI uprating amount to £30m. in 1982/83 and around £50m. a year in 1983/84 and 1984/85. His advice is that, if it becomes unavoidable to concede the loss of these savings, you should try to extract from Mr. Fowler a commitment to make up the savings from some other source; one possibility he suggests is that there should be a claw-back in November 1982 of the overshoot between November 1980 to November 1981 in respect of heating additions to supplementary benefit. This measure on its own would yield some £10m. Clearly, you would not wish to get into detail at tonight's meeting, but Mr. Fowler could be asked to agree with you some compensating saving.

The attached note of a MISC 62 meeting is the only record I can find on our No.10 files of this issue - please see paragraph 4.

M. G. SCHOLAR

2 March 1982

cc memo

SUBJECT

NOTE OF A MEETING HELD AT 10 DOWNING STREET ON THURSDAY 19 NOVEMBER 1981 AT 12.15PM  
TO DISCUSS PUBLIC EXPENDITURE ON HEALTH AND SOCIAL SECURITY

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Present

The Prime Minister  
Home Secretary  
Chancellor of the Exchequer  
Secretary of State for Social Services  
Chief Secretary, Treasury  
Sir Robert Armstrong  
Mr P L Gregson

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The meeting had before it the annexes on Health and Social Security to the Home Secretary's draft paper on the work of MISC 62, circulated by the Prime Minister's Private Secretary on 13 November, and a minute from the Secretary of State for Social Services to the Prime Minister of 17 November.

On health, the meeting agreed:

1. That prescription charges should be increased to £1.30 rather than £1.50 as envisaged by MISC 62.
2. That increases should be made in charges for dental treatment and spectacles, as proposed by the Secretary of State for Social Services in MISC 62, subject to the Secretary of State's providing the Prime Minister with details of the dental charges.
3. That, in relation to the provisions for the Hospital and Community Health Service (HCHS):
  - i. no increase should be made to compensate for price increases in 1981-82 in excess of the cash limit factors;

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ii. the proposed reductions of £93m in 1982-83, £98m in 1983-84 and £101m in 1984-85 should not be made, in order to permit a 1.7 per cent real growth increase between 1981-82 and 1982-83;

iii. there should be further increases of £43m in 1983-84 and £91m in 1984-85 to permit a small real growth increase in those years.

4. That no extra provision should be made to permit certain groups of NHS staff to receive increases of more than 4 per cent in the next pay round on the understanding that the Secretary of State for Social services would use his best endeavours to keep increases to not more than 4 per cent but might need to re-open the matter in the light of developments.

5. That, subject to approval by the Cabinet, legislation should be introduced to charge motor vehicle insurers for the cost of treating casualties in road traffic accidents either in the 1982 Finance Bill (if this proved practicable) or in the 1982-83 Session.

6. That the National Health Contribution should be increased by 0.1 per cent.

On social security the meeting agreed:

1. That, contrary to the conclusion reached in MISC 62, the pensioners' Christmas bonus should remain at £10, with no change in coverage, subject to further consideration of whether the savings to be derived from excluding those under 70 would justify the controversy which might be provoked.

2. That supplementary benefit should be withdrawn from 16 year olds (offset by payment of child benefit in respect of them) from November 1982.

3. That the phasing out of the earnings rules for pensioners should be deferred until 1984.

4. That savings should be made from miscellaneous amendments to supplementary benefit rules amounting to £50m a year in 1983-84 and 1984-85, and a smaller sum in 1982-83.

5. That further consideration should be given to a package of proposals by the Secretary of State for Social Services with the following elements:

i. a revised proposal relating to the abatement in invalidity pensions which would involve increases of only £7m in 1982-83, £21m in 1983-84 and £22m in 1984-85;

ii. withdrawal of the proposal to make good the 2 per cent shortfall in non-pensioner supplementary allowances;

iii. withdrawal of the proposal of a 5 per cent abatement in the November 1982 uprating of short term benefits not subject to an absolute pledge of price protection.

19 November 1981