



10 DOWNING STREET

From the Private Secretary

3 March 1982

Dear Brendan

I wrote to you this morning about the Prime Minister's discussion last night with your Secretary of State and the Chief Secretary on the treatment of housing needs for supplementary benefit purposes.

The Prime Minister was grateful to Mr. Fowler and Messrs. Heppel and Chislett for coming across this afternoon to pursue her concerns in more detail. As she made clear at that meeting, she is content to stand by the decision which has now been announced. She recognises that it will be presentationally very difficult to take any other course. She nevertheless wished to satisfy herself both that the decision was soundly based and that she understood its ramifications sufficiently to enable her to deal with any references at Question Time over the next few weeks.

The Prime Minister's second concern was adequately dealt with. Mr. Chislett agreed to provide us with a factual note, covering the effect on various categories of supplementary benefit claimant, for Questions purposes, and I understood that the note will be with us by noon tomorrow.

The Prime Minister was also satisfied about the logic of the change, and the steps which have been taken to deal with the foreseeable anomalies created by the move to UHB. The Prime Minister concluded that the real difficulty lies in the much earlier decision to treat housing expenses as a separate item in payment of supplementary benefit, and that the effect of this arrangement created a form of double counting which is not directly paralleled elsewhere within the SB scheme.

tomorrow Mr. Chislett also undertook to telephone us at the end of Committee proceedings, so that we can be informed of any further unexpected development which might conceivably be raised in the House at 3.15.

I am sending a copy of this letter to Terry Mathews (HM Treasury) and David Wright (Cabinet Office).

Yours ever

Mike Pattison

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

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