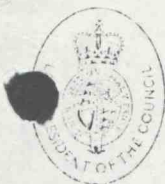


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PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

25 June 1986

Dear Tony, *ms* *Prime Minister 2* *DEL* *25/6.*

LORDS DEFEAT ON CLAUSE 20 OF THE SOCIAL SECURITY BILL

Your Secretary of State, the Minister for Social Security, and Lady Trumpington discussed the future handling of the Bill with the Chief Whip, Lords and the Lord President yesterday in the light of the defeat on this provision. Your Secretary of State was in particular anxious to explore whether action to restore the position could be taken in the Lords in order to eliminate entirely any risk of trouble if the matter were to be taken on Commons Consideration of Lords' Amendments.

The Chief Whip explained that it was simply not possible for there to be a straight reversal of the defeat during Report Stage of the Bill in the Lords within the rules and customs of the House of Lords. It was just possible to envisage substituting a different Government provision for the one imposed on it against its will, although this would have to incorporate a significant concession to the backers of the original amendment. Any such concession would of course involve additional public expenditure.

The Lord President voiced doubts about whether it would in fact be possible to guarantee the Government succeeding in such a strategy at Report Stage, even if, as seemed highly unlikely, the Treasury were to be in a position to agree to the additional money that would be required. He pointed out that it would be the worst of all worlds if the strategy were tried but it failed; Lord Denham agreed and stressed that even if successful, the attempt would have implications for the rest of the Government's programme because it would be seen as stretching the rules, and would lose the Government goodwill including among its own supporters. Both the Lord President and Lord Denham said that, from the House of Lords point of view, it would be much easier to get through a Commons reversal of the provision; indeed, there were already some indications that some backers of the amendment recognised that it was not for the House of Lords to introduce provisions involving such large sums of money against the will of the Commons. Given the constitutional position, the Lord President and the Chief Whip envisaged that it would be possible to secure House of Lords acceptance of a reversal in the House of Commons, using all the resources at their disposal, including a three line whip (which as you probably know is extremely rare in the House of Lords). They both thought that they could virtually guarantee success in this.

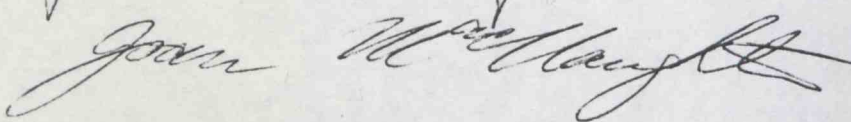
Tony Laurence Esq

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After some further discussion, it was agreed that the right course was to leave the options open until there had been an opportunity to see how the Bill fared on its third Committee day on 30 June. In the meantime your Secretary of State said he would discuss with the Chief Whip (Commons) what the position was likely to be there. So far as the amendments envisaged for the Third Committee day were concerned, the Lord President offered to give Lady Trumpington any assistance he could in talking to peers who might be amenable to an explanation of the Government's position but who at present had tabled, or were thought likely to back, hostile amendments. Lady Trumpington promised to give him some names.

I am sending a copy of this letter to David Norgrove in No 10, to the Private Secretaries to those present at the meeting, to Murdo Maclean in the Chief Whip, Commons', office, to the Private Secretary to the Chief Secretary, Treasury, and to Michael Stark in Sir Robert Armstrong's office.

Yours sincerely,


JOAN MACNAUGHTON
Private Secretary

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