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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman Fowler MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London
SE1 6BY

NBFN:

8 July 1986

Dear Norman,

SINGLE PAYMENTS

WITH DRN

Thank you for your letter of 4 July.

As you know, I have been concerned for some time about the timing of this package and the cost of the continuing delay. I do not underestimate the difficulties of presenting this controversial package but it is essential that we get it in place before the summer recess. Otherwise it will not just be £2.5 million a week we will be losing: take up is clearly increasing apace.

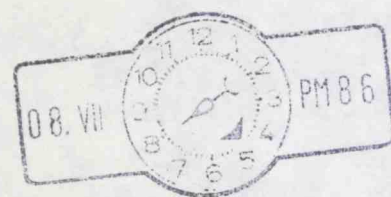
So far as the proposed concession is concerned, I think there is rather more than £3 million between us. I accept that, taken on its own, there is enough headroom in the costings for 1987-88 to cover the concession, and I appreciate that that was your intention in putting a larger package to SSAC than was absolutely necessary to secure the agreed savings. But you are already at least £5 million short in the agreed savings from this package in 1986-87, because of delay in implementing it. And as you well know, I have had to accept substantial additional expenditure in both years on the various other packages we have been discussing over the past few weeks. Three weeks ago, I asked you whether you attached greater priority to this or to the separate concession you were seeking on the board and lodging limits for residential care, and you chose the latter. I am afraid, therefore, that I really cannot agree to this further concession.

I am copying this letter to the Prime Minister, Willie Whitelaw, Norman Tebbit, John Biffen, David Young, John Wakeham and to Sir Robert Armstrong.

Yours ever,
JH

JOHN MACGREGOR

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DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AG

NBSN.

July. 17.

Dear John.

SINGLE PAYMENTS

at flap.

*Thank you for your recent letter.

Of course I fully share your concern that delay continues to lose us around £2½ million in savings a week. But as you know we have had to handle the timing in the light of the fact that the SSAC itself took an extra month to produce their report, and alongside a number of other difficult issues. We are as anxious as you are to restrict single payments. But to do so we must have a package we can expect to sustain, and for that reason I feel I must press you again on our proposed concession.

Perhaps it would help if I describe the background more fully.

At present, people seeking replacement in their own homes and when moving can get help with the following items: dining table and chairs, easy chairs, storage units, curtains and fittings, floor covering, an iron, light fittings, and towels. For those moving home, there are also payments for miscellaneous household items such as crockery, the provision which gives rise to the long checklist of items.

Our original proposals would delete all these specified items, including for those setting up home. Instead, we would provide a miscellaneous needs payment of £75 for the claimant and £25 for each dependent. Even this would be on a very restricted basis, being confined to claimants with children, and those setting up home for the first time. In other words, someone without children who had a good reason to move could receive help only with a bed, cooker, and heater: he would get no any further help for furniture to sit on or other household items. And even where people qualified for further help, the amounts could clearly be argued to be quite inadequate to cover the items currently listed.

The SSAC report urges us to restore the full list of furniture. We cannot do that, any more than we can accept their proposal to drop the 1 year rule for initial payments or the 3 year rule for repeat payments. They do however give us some room for

E.B.

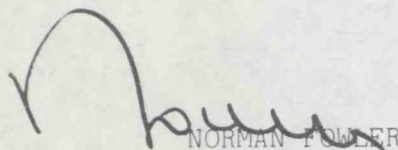
manoeuvre by suggesting an alternative - that we should improve the miscellaneous needs payment, and make the qualifying conditions less restrictive. It is to this that we are seeking to respond with our concession, increasing the £25 payment per dependant to £50, and extending eligibility to childless claimants setting up home for the first time.

As you know, the proposals we put to SSAC were deliberately framed to give room for just such a concession. It does not jeopardise the savings target in this area we set for 1987/88, and it only creates difficulty in 1986/87 because the timing has slipped for the reasons I have described.

I fully understand the problems you yourself face, but I hope you in turn will understand ours. Although we managed to achieve a relatively quiet response to the original proposals, we now have, in a different climate and at a very sensitive time, a strongly hostile SSAC report expressing the view that those proposals risk severe hardship for the poorest in society. We will do our best to deal with that; but I must frankly say that I think our position will be unnecessarily hard to sustain, not least with some of our own supporters, if we make no significant move whatever in response to these criticisms.

I do hope therefore that you will feel able to agree to the concession we are seeking. I am copying this letter to the Prime Minister, Willie Whitelaw, Norman Tebbit, John Biffen, David Young, John Wakeham and to Sir Robert Armstrong.

Yours


NORMAN FOWLER

SECRET

