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PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

5 October 1987

N.B.M.

Dear Bruce

The Lord President held a meeting this morning with your Secretary of State, the Employment Secretary, the Lord Privy Seal, the Chief Secretary, Treasury, the Minister for Local Government and the Minister for Social Security to discuss the presentation and Parliamentary handling of social security announcements in the coming weeks. Mr Wilson (Cabinet Office) and Mr Maclean (Chief Whip's Office) were also present. The meeting had before it your Secretary of State's letter of 28 September to the Chief Secretary and subsequent correspondence.

Your Secretary of State explained that there was a very tight and inflexible timetable for determining the rates of the new income related benefits to be introduced in April 1988. He had a statutory obligation to consult local authorities about housing benefit rates before any regulations could be laid. The regulations then had to be cleared by the Joint Committee on Statutory Instruments, be debated in both Houses and come into force not later than 23 November if the seven million manual changes involved in the conversion of cases were to be completed in time. Taking account of legal advice as to the time he had to allow local authorities for consideration if legal challenge was to be avoided he had to send them his proposals on 12 October and announce his decisions in the light of their comments at the start of November. In addition to the uprating decisions he would also have a number of difficult other announcements to make. He would welcome colleagues' guidance as to how within the constraints allowed above these might best be managed.

The Minister for Local Government said that his Secretary of State could not agree to the proposals put forward by the Social Services Secretary without an opportunity for

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collective discussion of their implications for the introduction of the community charge. Much had been made in the defence of the community charge by the Prime Minister, his Secretary of State and others of the comparative benefits it would bring to single pensioners, single parent families and others. Changes in the base level of benefit could have implications for this delicate arithmetic.

In discussion, the following points were made:

- (a) While ideally it would be desirable to settle compensation levels for the community charge in advance of issuing proposed 1988 benefit levels for consultation, the legally constrained timetable for agreeing the latter made this really impracticable;
- (b) To achieve the comparison the Environment Secretary wanted would either mean reducing the levels of benefit/compensation in 1988 still further which would put an intolerable burden on the Social Services Secretary or agreeing now to increased levels of compensation in relation to the community charge which would mean anticipating future PES rounds.
- (c) The proposal to reduce the taper on housing benefit would have implications for the Housing Bill but against this it was argued that these had already been taken into account in arriving at what was a perfectly legitimate bilateral public expenditure decision.

The Lord President, summing up the discussion, said that in view of the firm position taken by the Secretary of State for the Environment it was not possible to resolve the matter in his absence and a further meeting would need to be convened immediately after the Party Conference to consider the issues raised in the Environment Secretary's letter of 2 October. He would consult the Prime Minister as to whether this should take the form of another small ad hoc meeting or be a meeting of E(LF). Whatever the forum, it would be necessary to have before the meeting a paper by the Cabinet Office following consultation with those departments most concerned which set out clearly the extent to which the Social Services Secretary's agreement with the Chief Secretary on housing benefits, and his need to consult local authorities, had implications for the handling of the Rates Reform Bill. The paper should also briefly set out the position on housing benefit tapers. It was agreed by all present that the decisions at the meeting on 12 October would need to be final; the Social Services Secretary's timetable could accommodate no further delay.

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As far as Parliamentary handling of the various announcements was concerned, it was agreed that both the Social Security Bill and the Employment and Trades Unions Bills should be published and introduced in the House of Commons on 22 October. There would undoubtedly then be pressure for the Social Services Secretary to make a statement. There would be advantage if this could be deferred until the following week. The Social Services Secretary should consider further with the Lord Privy Seal whether this could be done.

Subsequent to the meeting, the Lord President agreed with the Prime Minister that he should chair a meeting of E(LF) on Monday 12 October to consider the paper by the Cabinet Office referred to above.

I am sending a copy of this letter to David Norgrove, Robin Young, Murdo Maclean, Richard Wilson and the Private Secretaries to those Ministers present.

yours  
Mike Eland

M J ELAND  
Private Secretary

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