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PRIME MINISTER

## SOCIAL SECURITY POLICY REVIEWS

I have been considering how best to take forward the two major reviews - of housing benefit and supplementary benefit - which we discussed recently. I think it is becoming increasingly important to make quick progress with these both in relation to our immediate problems on housing benefit and changes we shall want to make later on supplementary benefit.

Housing benefit

It seems to me that a substantial part of the criticism we are now facing on housing benefit is concerned with the system itself and the failings of local authority administration of it. Housing benefit is extremely complicated and involves many anomalies inherited from the previous local authority system. It extends further up the income scale than any other benefit. And, although it is administered by local authorities largely outside our control, we are getting much of the blame for their failure to deal effectively with the introduction of the new arrangements.

I think, therefore, that we should make public our intention to review the scheme urgently as part of our response to the criticism by the Social Security Advisory Committee and some of our colleagues of the changes we are now carrying through. For the review to have the necessary credibility, I think it is important that it should be led from outside Government. I envisage a small, high-powered team which should have support not only from my Department, but also from consultants. Its terms of reference would be:

"To review the housing benefit scheme in order to simplify it, concentrate help on those most in need and improve its administration by local authorities."



I have in mind a team of two or three led by someone familiar with the housing or local authority scene. The choice is really between someone independent of both central and local government - perhaps from the building society world - and someone with local authority credentials. If you are content with the general proposal, I will think further about who might be involved.

The team would report their conclusions to me so that I could decide, with colleagues, what action to take. No doubt some form of public report or proposals would be needed at that stage but I should not want to be committed in advance to either the content or form of publication. I should, however, want the team to work as quickly as possible and to report at least their preliminary conclusions to me by the summer.

I would propose to announce the review when we debate the housing benefit regulations. It should help to convince our critics that we have made a constructive response to the SSAC report; it should show that we are determined to improve the operation of the scheme; and it should give weight to the case for the further changes in the scheme which I believe to be necessary.

#### Supplementary Benefit

We are all agreed on the need to have a fundamental look at the supplementary benefit scheme both in the light of its complexity and the continuing increase in its cost. With expenditure running at well over £5 billion and with four million families in receipt of supplementary benefit, we need to restructure the scheme so that it can be administered less staff intensively: be less vulnerable to pressure to meet more kinds of need; and provide a more accurate and acceptable service to claimants. It will require careful handling and presentation to make sure that a review of the scheme is not misrepresented as an attack on the basic safety net which we are committed to maintain. The nature of the problem is such that we must keep this review under our own hands: unlike housing benefit, there is no local authority element to be catered for.



I propose to ask Tony Newton to take the lead on this task. The main support would come from my Department and involve the Treasury as well. There may also be advantage in involving some outside consultants, particularly on the administration of the scheme.

The terms of reference of the review would be:

"To review the structure of the supplementary benefits scheme and examine possibilities for simplifying its administration."

Again, the results of the review would be in our own hands: a report by Tony to me for consideration of the action which should flow from it and discussion with colleagues. It will be a major task but I would hope that we would be able to see some of the results from it before the autumn.

I think we should declare openly that this review is being undertaken, in order to keep the initiative. It can be seen as the third in a series of studies (housing benefits, pensions, supplementary benefits) through which we are effectively subjecting the social security side of the welfare state to the most thorough reappraisal it has had since Beveridge. The timing of an announcement can be settled later.

I have discussed with Peter Rees the lines on which I am thinking in relation to housing benefit and he is generally content. Subject to your views, I shall proceed to identify and approach possible outside members as quickly as possible.

I am copying this minute to Willie Whitelaw, Nigel Lawson, Patrick Jenkin, John Biffen, Peter Rees and John Wakeham, and to Sir Robert Armstrong.



1 February 1984

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