CONFIDENTIAL

2 February 1984
Policy Unit

PRIME MINISTER

Norman Fowler has suggested that Tony Newton be given the task of reviewing supplementary benefit, and this should be made public; and that an outsider should be appointed to review housing benefit. It is important that this work should proceed swiftly, be seen as part of the Government's work on review of benefits, and should be brought out into the open to avoid more damaging leaks and suspicions. (There was another one in the press and on the radio today concerning supplementary benefit for young people.)

This work does not conflict in any way with Lord Vaizey's proposals. It is still important that someone completely unconnected with Government should take a rational long-term look at the welfare benefits tangle, and produce a lucid, independent report, preferably within the next 2 years. This report can help fashion the public debate that ought to take place about the kind of welfare system we want in the 1990s and after, concentrating on issues like the definition and treatment of poverty.

JOHN REDWOOD

cc Mr Redwood
Mr Turnbull (o/r)
Mr Sherbourne

Prime Minister (1)

You wondered whether it might be better to postpone the Vaizey review. John Redwood thinks not.

Norman Fowler has asked for a meeting with you soon on various benefits policy issues. Agree to consider the relationship with Vaizey then?

Yes pls

DMB
3/2

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

Prime Minister ①

You agreed with the Foreign Secretary that existence of these studies should be made public. He has also agreed to clear leaders of HB study with you. Nevertheless agree I write endorsing X and Y?

AT
7/2

Yes. MT

SECRET

CYNO.20

c c Miss O'Mara
Mr Bailey
Mr Anson
Mr Scholar
Mr Watson
Ms Seammen
Mr Lord

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Fowler MP
Secretary of State
Department of Health & Social Security
Alexander Fleming House
Elephant & Castle
LONDON
SE1 6BY

6 February 1984

Dear Norman

SOCIAL SECURITY POLICY REVIEWS

I have seen your minute of 1 February to the Prime Minister.

Housing Benefit

I am of course fully in favour of a wide ranging review of this scheme. I appreciate that in order to carry credibility the review needs to be led by an independent chairman. But I agree with the Lord President that it is essential that the right man be found. It is also essential that he is given clear terms of reference. In particular, it will be necessary to make clear to him, and if necessary to acknowledge openly, that it is not within his remit to recommend additional expenditure on the scheme. It would be all too easy for the review team to conclude that the deficiencies of the housing benefit scheme could be remedied by throwing money at it. We need someone who is not inclined to take this easy way out. On the contrary, we shall want him to produce options for a substantial reduction in expenditure on the scheme.

So I would be grateful if you would discuss with me possible candidates before any approach is made to them.

I would also be grateful if your officials could discuss further with mine the means by which your department and the Treasury will be kept in touch with the review team. You may be thinking in terms of some kind of official steering group; in that case we would be grateful for Treasury respresentation.

Lastly on this, I understand that Patrick Jenkin has expressed an interest in the review. It will clearly be important to ensure consistency between his own review of public sector rents and yours of housing benefit. Housing benefit has economic effects beyond the purely benefit area and these must be kept well in mind.

SECRET

Supplementary benefit

I am sure you are right not to involve outsiders here. And I am generally content with the arrangements you propose, although our officials will need to discuss further the mechanics of the review and how to ensure close Treasury involvement.

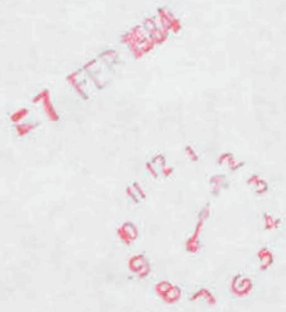
Clearly it is time to review supplementary benefit in order to contain its recent rapid growth. I would hope that the review will identify options for substantial reductions in expenditure, either through the simplified scheme which you propose to explore or through other methods involving better targeting on those most in need.

I am copying this letter to Willie Whitelaw, Patrick Jenkin, John Biffen, John Wakeham and Sir Robert Armstrong.

Yours ever

PETER REES

NAT. HEALTH : Seminar on health and social security expenditure: Aug 1983.



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bc Mr. Redwood
Mr. Sherbourne

10 DOWNING STREET

From the Private Secretary

2 February 1984

Social Security Policy Reviews

The Prime Minister has seen your Secretary of State's minute of 1 February proposing that he should make public the existence of the two reviews being conducted into housing benefit and supplementary benefit. She is content for this to be done, subject to the views of colleagues. She is also content that the housing benefit study should be led by someone outside the Department though she notes that your Secretary of State will discuss the choice with her at a later stage. She is content for Tony Newton to take the lead in the study of supplementary benefit.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), John Kerr (H.M. Treasury), John Ballard (Department of the Environment), David Heyhoe (Lord Privy Seal's Office), John Gieve (Chief Secretary's Office), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Steve Godber, Esq.,
Department of Health and Social Security.

SECRET

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10 DOWNING STREET

Prime Minister (1)

Mr Fowler wants to go public on two of the reviews agreed at the seminar in January

(i) Housing benefit
(ii) Supplementary benefit

For (i) he proposes bringing in an outsider to lead the review; for (ii), Tony Newton would be in the lead.

There could be conflicts with the Vaizey work but I don't think we can delay Government work to wait for a private study.

Agree subject to colleagues and on condition there is further consultation on the leader of the Housing Benefit study?

Yes P.T.O. AT.12

Could Stephen see this minute? It would seem that so much work is now under way that I wonder if it would be better to postpone the question of the Vatican visit.

MT

CCNO

SECRET

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

3 February 1984

Dear Steve,

Social Security Policy Reviews

With AT?

The Lord President has seen your Secretary of State's minute of 1 February proposing social security policy reviews. He is strongly in favour of such reviews being made public, but hopes that the choice of anyone outside the Government will be most carefully considered, because a review which reaches potentially damaging conclusions could cause a lot of trouble.

I am sending copies of this letter to Andrew Turnbull (10 Downing Street), John Kerr (HM Treasury), John Ballard (DOE), David Heyhoe (Lord Privy Seal's Office), John Gieve (Chief Secretary's Office), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

Yours sincerely,
Janet

JANET A LEWIS-JONES
Private Secretary

Steve Godber Esq
Department of Health and Social Security

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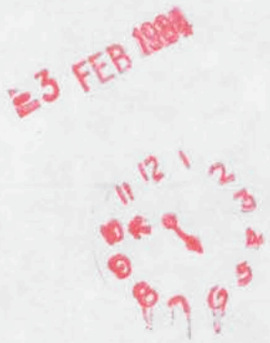
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