



10 DOWNING STREET

Pune Minister

This sets out the agreement
which Mr Perkins had reached
with the Chief Secretary on
meeting the costs arising from
deregulating the private
rented sector. Following
discussion at Cabinet Ministers
are looking again at this. These
effects will, however, be swamped
by the potential savings from
the renewal of housing benefit.

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Mr Turnbull

To see.

Treasury Chambers, Parliament Street, SW1P 3AG

John Ballard Esq
 Private Secretary to
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London SW1P 4QJ

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28 February 1985

Dear John

DEREGULATION OF PRIVATE SECTOR RENTS

Following discussion in H Committee yesterday of the proposals described in H(85)15 to deregulate private sector rents, your Secretary of State and the Chief Secretary met to consider further how the additional housing benefit costs of the proposed deregulation should be met.

It was acknowledged that estimates of the likely additional expenditure on housing benefit were uncertain but that the best estimate which could be made was as follows:

<u>England only</u>	(£m cash)
1986-87	8
1987-88	38
1988-89	51

In addition, there would be expenditure in Wales of £0.3 million, £1.1 million and £1.2 million respectively in the 3 years.

The Chief Secretary and your Secretary of State agreed that your Secretary of State would find from his existing programmes all the additional cost in the first year and half the additional cost thereafter - that is, he would transfer the following amounts to meet the additional costs

	(£m cash)
1986-87	8
1987-88	19
1988-89	25.5

The Chief Secretary agreed that in order to allow these proposals, to which he attached a high priority, to proceed

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he would in this case be prepared to find the remaining cost from elsewhere within the planning total. It was agreed that your Secretary of State would find the same cash savings whether the estimated costs of deregulation were higher or lower than estimated.

In agreeing to proceed in this way the Chief Secretary said, and your Secretary of State acknowledged that, in the next and subsequent Surveys the Chief Secretary would take account of the savings made by your Secretary of State and the total cost of deregulation in discussing his overall programme totals.

I have reported the outcome of this discussion to Colin Jones (Welsh Office) and to Stephen Hickey (Department of Health and Social Security) and understand they too are content to proceed on this basis.

I am copying this letter to Andrew Turnbull (No. 10) to the Private Secretaries of members of H Committee and to Sir Robert Armstrong.

Yours sincerely

Richard Broadbent

R J BROADBENT
Private Secretary

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