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cc: DHSS
LPO
CWO
Ch. Sec. H.M.T.

10 DOWNING STREET

From the Private Secretary

3 November, 1982

Dear John,

Adjustment to the 1983 Pensions and Benefits Uprating

The Prime Minister held a discussion about adjustment to the 1983 pensions and benefits uprating. The Chancellor of the Exchequer, the Lord President of the Council, the Chief Secretary, Social Services Secretary and Chief Whip were also present.

The Prime Minister said that the adjustment which the Chief Secretary and the Secretary of State for Social Services were suggesting should not be described as "claw back" since that carried the implication that money was being taken away from beneficiaries. The fact was that they would be getting their promised money early, and what was proposed was an adjustment to payments in the subsequent year to take account of this. After discussion, it was agreed that no decision should be made immediately about the size of the adjustment to the 1983 uprating. The expenditure figures on which the Chief Secretary and the Secretary of State had agreed would allow either for some mitigation of the adjustment - so as to bring it down to 2 per cent or even below this figure - or for agreement to one or more of a number of social security measures which it might subsequently be judged desirable to introduce. (These were listed in the Chief Secretary's minute to the Prime Minister of 1 November). Once the public expenditure figures were published it would become publicly known that an element of adjustment had been allowed in the social security measures. Since, however, no decision had been taken, no precise figure could be given for this.

It was further agreed that the Treasury's autumn statement should be published on Monday, 8 November and that the Chancellor of the Exchequer should make a statement in the House on that day. This should not be disclosed for the time being. (The Prime Minister and the Chancellor agreed this evening, however,

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that this could now be revealed, after Cabinet tomorrow). There would need to be primary legislation to enable the adjustment to the 1983 uprating to be made. This legislation could either be presented to Parliament immediately, and perhaps attached to national insurance legislation which would need to be introduced; or it could be introduced after the Budget. The Prime Minister said that she inclined towards introducing the legislation after the Budget.

I am sending copies of this letter to David Clark (Department of Health and Social Security), David Heyhoe (Lord President's Office), Murdo Maclean (Chief Whip's Office) and John Gieve (Chief Secretary's Office).

Yours sincerely,

Michael Scholar

John Kerr, Esq.,
H.M. Treasury

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