

Original in

Local Authority;
Relations

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

24 September 1985

cc Social Services
Review P.S.

cc OL
UNWIN

SOCIAL SECURITY AND LOCAL AUTHORITY FINANCE

The Prime Minister at E(LF) yesterday pointed to the need to consider the proposals on social security alongside those for local authority finance.

Could the Treasury please set in hand quickly a study of the inter-actions between the sets of proposals? Clearly there are substantial uncertainties. But the Prime Minister will look to the Chancellor to warn her of any major contradictions and difficulties.

The next meeting of MISC 111 is scheduled for 15 October. The Prime Minister will no doubt wish to see the best analysis that can be done before that meeting.

I should be grateful to know quickly if you think it will not be possible to produce a worthwhile analysis in the time available. The Prime Minister will in that case wish to consider how else the work might be done.

The analysis will need later to be extended to include the proposals on personal taxation, before decisions on the reform of local authority finance are taken. But the immediate need is for a study of social security and local authority finance together.

DAVID NORGROVE

Mrs Rachel Lomax
HM Treasury.

CONFIDENTIAL