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The Rt Hon Nicholas Edwards MP

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From The Secretary of State for Wales

28 October 1986

Norman

NBPN.

SOCIAL SECURITY AND THE COMMUNITY CHARGE

Malcolm Rifkind copied to me his letter of 15 October to you with his proposed approach to the rebating system for the community charge in Scotland.

Malcolm's proposals for a minimum contribution of 80 per cent and a 50p per week threshold seem to me to be the right way to proceed. I would be particularly concerned if there were to be a move away from the 80 per cent figure because this would be certain to attract a great deal of criticism, and we would be hard pressed to justify a change from the figure we considered appropriate for rates. I do not think that there would be significant gains in accountability by requiring everyone to pay a higher minimum proportion of their community charge because by definition assistance is being targeted on those for whom 20 per cent of the charge represents a significant outlay. I think that the move to a 50p per week threshold is sensible but - subject to further work by officials - I would be reluctant to see any higher threshold introduced since this would mean a significant proportion of the community charge in areas with below average charges would not be open to rebate.

Malcolm also mentioned the possibility discussed in E(LF) of setting a ceiling on the amount of charge which could be rebated. This idea would be likely to make little direct impact in Wales where charges are expected to be lower than average; but I have doubts about the principle of the proposal. People on low incomes who faced particularly large bills could receive less help in meeting them than those with more reasonable charges which is counter to the concept of

/offering assistance ...

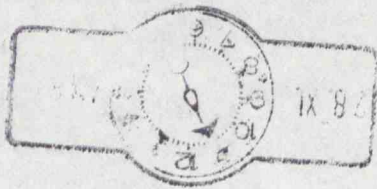
The Rt Hon Norman Fowler MP
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offering assistance appropriate to the unavoidable costs with which people are faced. This would certainly create electoral pressure for change, but such pressure may not be able to find expression for several years and, in the meantime, people would still have to pay the charges. In exerting downward pressure on higher community charges we should look to arrangements which would not lay us open to the charge of selecting that part of the population which is most vulnerable as an instrument.

/ I am copying this to the Prime Minister and to other members of E(LF) and to Sir Robert Armstrong.

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Local
Govt
Rates

PT5