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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

No action until revised
date received.

4 February 1987

Dear Andy

COMMUNITY CHARGE: HELP FOR THOSE ON LOW INCOMES

Robin Young copied to me his letter to you of 30 January about the letter of 23 December to the Prime Minister from Councillor Layden.

My Secretary of State agrees with Mr Ridley that the Government should declare its intentions now on the assistance to be made available for those on low incomes in meeting their community charge. The reference in the joint DOE/Welsh Office document of 15 December is vague in the extreme and is increasingly difficult to defend. The Government is being pressed to give more details of how the proposed community charge will affect individuals and convincing replies cannot be given while the position on assistance for those on low incomes has to be kept so open. Inevitably, often the worst assumptions are then drawn. Even if Councillor Layden can be deflected my Secretary of State believes that pressures to declare our intentions will continue.

My Secretary of State also agrees with Mr Ridley that the appropriate form of assistance should be by means of direct rebates. To provide help through income support, based on an average community charge, produces manifold anomalies. Not only would some people in areas with high charges be faced with bills much higher than the amount they receive from income support, but where community charges are low, some individuals would receive a weekly sum significantly higher than their total weekly charge. In addition, one of the main criticisms which emerged from consultation on the Green Paper "Paying for Local Government" was that the community charge was a regressive tax. If we insist on everyone meeting their charge in full then, even if they receive compensating income from other sources, opponents of the rates reform package would say that their misgivings have been justified. It is important that the Government be seen to be deliberately scaling down the charges where appropriate for those on low incomes.

/ I am copying this letter to Joan McNaughton (Lord President's Office), Stephen Boys Smith (Home Office), Jill Rutter (Chief Secretary's Office), Tony Laurence (DHSS), Robert Gordon (Scottish Office) and Trevor Woolley in Sir Robert Armstrong's Office, and Robin Young (DOE).

Yours sincerely
John Shortridge

J D SHORTRIDGE

Andy Bearpark Esq
Private Secretary to
The Prime Minister