

23/2

CB

MR UNWIN

Mr Langdon

Mr Norgrove

(note at end)



Miss MacNaughton

COMMUNITY CHARGE: HELP FOR THOSE ON LOW INCOMES

with PAB

You asked for advice on the letter of 30 January from the Private Secretary to the Environment Secretary to Mr Bearpark. The Environment Secretary is now proposing that the Government should confirm that there will be rebates in England and Wales for those on low incomes.

The formal position was decided at E(LF) (86) 5th Meeting on 2 October. In summing up the Prime Minister said:

"The Sub-Committee were therefore agreed that the Scottish legislation should include provisions to enable the community charge to be rebated. For England and Wales, however, the issue should be kept open in case it became possible in the light of further work to adopt a different course. This would require careful presentation."

Since that meeting, however, the Prime Minister has indicated that rebates would be provided, and the statement on the operation of the Community charge said that those on low incomes would continue to get help through the social security system. Given the precedent in Scotland, and the commitments now emerging in England and Wales, it seems inevitable that sooner or later the Government will have to confirm that there will be rebates. If that is so, there is much to be said for making this clear sooner rather than later in order to remove one issue on which the Government's opponents can attack the Community charge principle.

I understand from DHSS officials that they have advised their Ministers to abandon their earlier position that the option of not rebating should be kept open and to acquiesce in what is now proposed, subject to two points. First, they want Ministers to clearly understand that there will be an increased workload for local authorities in administering the new scheme. Second, they believe that the announcement should be made to Parliament and not in a letter to the AMA. Advice is with Mr Fowler at present, although his Private Office are not sure that he will make the deadline suggested by DOE - ie tonight. I have asked Mr Fowler's office to alert No 10 if this is the case.



Welsh Office officials have advised Mr Edwards to support Mr Ridley's proposal, and Treasury officials have advised the Chief Secretary to raise no objection.

J E ROBERTS

Provided Mr Fowler confirms his agreement, I think the Prime Minister could be advised to go along with this proposal, on the basis that the precise details have yet to be settled.

But it is a significant policy modification; & as Mr Roberts notes, it will involve a substantial administrative burden on local authorities.

2

4/2/87

