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THE PRIME MINISTER

2 March 1987

Dear Councillor Layden,

Thank you for your letter of 23 December, in which you ask about help towards the community charge for those on low incomes.

The Government's intention is that there should be community charge rebates throughout Great Britain, though each person liable would be required to make some community charge payment; the Social Security White Paper suggested that each household make at least a 20 per cent contribution towards domestic rates. You will have seen that Clause 26 of the Abolition of Domestic Rates Etc (Scotland) Bill provides the power to pay such rebates in Scotland. We envisage a similar power when the legislation to introduce the community charge in England and Wales is put before Parliament.

Our reason for changing the way local government is paid for is to increase local authorities' accountability to those who live in their areas - the people who use local services and can vote in local elections. As I made clear at our meeting on 25 November, we therefore intend to ensure that our rebate proposals work in a way which is compatible with this overriding objective.

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It is not possible, at this stage, to give all the details of how community charge rebates will work. I can confirm, however, that we envisage a system that is based on the revised rate rebate system to be introduced in 1988, and where young, single people entitled to income support are eligible for community charge rebates.

Yours sincerely

Margaret Thatcher

Councillor John Layden, J.P.