

SECRET



Treasury Chambers, Parliament Street, SW1P 3AG

Bruce Calderwood
PS/Secretary of Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

NBSPM.

13 May 1987

*Dear Bruce,***MINIMUM CONTRIBUTION TO RATE BILLS**

The Chief Secretary discussed this evening with your Secretary of State, the Minister of State for Social Security, the Parliamentary Under Secretary of State, Scottish Office (Mr Ancram) the form of the announcement on compensation for those on income support for the contribution they will make to rate bills in April 1988.

The Chief Secretary said he was content with the first two paragraphs of the text provided by officials. He did however have three points to make on the third paragraph. First he would prefer "ensuring" in the last sentence to be replaced by "providing" which did not carry the same implication of total protection. This was agreed.

The Chief Secretary said he felt it was important to make clear that the people we were compensating were the householders who would be paying rates for the first time. He was concerned about the way in which the statement referred to the "average amount that we expect income support claimants will have to meet". That was not, as it stood, deliverable since we would not know what the level of rates would be in 1988-89. It had not been clear in the ELF discussion how that payment should be derived. Mr Ancram pointed out that when announcing RSG settlements his Secretary of State and the Secretary of State for the Environment gave only broad brush indications of the rate increases that were compatible with the Government's spending plans. After some discussion it was agreed that this statement should be amended to read; "they will include the average amount that we expect householders who are income support claimants to have to meet as their minimum contribution to domestic rates". This did not imply that the Government would fully underwrite excessive rate increases by local authorities. A text reflecting these and consequential changes is being circulated by your Secretary of State.



Mr Ancram noted that he had been pressed in the debate on the ADRES Bill about the figures for the minimum contribution. It was agreed that there would be merit in making public that the minimum contribution would be 20 per cent. This could be included in the text of this written answer. An alternative would be for the Prime Minister to make an announcement in her speech to the Scottish Party Conference. This issue should be put to the Secretary of State for the Environment and the Prime Minister.

There was some discussion on the timing of the announcement. The Chief Secretary had reservations about a Thursday announcement. It was pointed out that DHSS was not in a position logistically to make the announcement tomorrow in any case. Since it was agreed that there should be an announcement to Parliament, that pointed toward Friday. Again No 10 should be consulted on this issue.

The Chief Secretary would discuss further with the Secretary of State what line he might take in public on the cost.

I am copying this minute to David Norgrove at No 10, Robin Young (DOE), John Shortridge (Welsh Office), Robert Gordon (SO) and to Trevor Woolley in Sir Robert Armstrong's office.

Yours sincerely,
Jill Rutter
JILL RUTTER
Private Secretary