



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
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From the Secretary of State for Social Services

The Rt Hon Nicholas Ridley MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

July 1987

(for E(LF)
 back up).

~~NSBA~~

Dear Nicholas

E(LF)(87)28: THE COMMUNITY CHARGE, TRANSITIONAL ARRANGEMENTS AND THE IMPLICATIONS FOR INCOME SUPPORT

My letter of 6 July set out the further work which in my view was required to properly assess the consequences of much faster replacement of domestic rates by the community charge in England and Wales.

Much of that letter still stands in the light of your further paper, E(LF)(87)28, circulated for tomorrow's meeting. In particular:

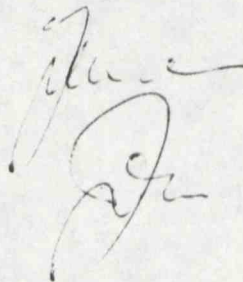
1. I can see only too well the administrative advantages in avoiding or minimising a period in which domestic rates are administered alongside the community charge.
2. Nevertheless, I agree with the Chancellor that the political realities require at least five years to phase out the safety-net as this will have a crucial impact on assumed service expenditure, not least in inner city areas. Similarly, we need to allow a long enough period, as local tax obligations build up especially for larger households, for the electorate to exert downward pressures on the spending policies of their local councils.
3. We still need to exemplify the detailed effects and discuss the provision for low income families on the basis of commitment to protect the poorest from the effects of the community charge. Compensation for everyone liable for the first time to a separate charge would require a substantial increase in public expenditure. There are also complicated issues of timing to be resolved for the regulations and implementation given the different timetables

E.R.

operating in Scotland and England and Wales and the fact that income support rates are set nationally.

I shall be circulating a paper shortly on the options and the expenditure implications. We cannot give any detailed commitments until the issues have been properly examined and decisions taken.

I am copying this letter to other members of E(LF) and to Sir Robert Armstrong.



JOHN MOORE

LOCAL GOVT' Raising PT7