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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Minister of State for Social Security and the Disabled

The Rt Hon Nicholas Ridley MP
Secretary of State for the
Environment
Department of the Environment
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71 AUG 1987

Dear Nicholas,

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RATE AND COMMUNITY CHARGE REBATES: UPRATING OF INCOME SUPPORT

Thank you for your letter of 30 July about adjusting income support levels in April 1988 on account of the minimum 20 per cent contribution to domestic rates and the problems of reflecting that in relation to the community charge.

There are a number of complicated issues concerning the way in which the compensation for the domestic rates contribution required from next April might be carried forward to the more widely based community charge. They concern, not least, the timetable (given the different introduction dates in Scotland, Wales and England), the phasing in arrangements and the fact that, for very good reasons, the social security system operates on a national basis in terms both of structure and benefit rates.

These issues will arise, of course, earlier in relation to Scotland, which will be switching to the community charge at a stroke in April 1989, than in relation to England and Wales. My officials are already engaged in considering how the changeover might be handled most sensibly and, in particular, in a way which would avoid difficulties being stored up from whatever decisions we take in relation to the April 1988 benefit rates.

I have asked my officials to pursue the issues in detail with yours, and with officials from the Treasury, Scotland and Wales. I think we need an early view of the problems and options so that we can assess the best way to proceed bearing in mind the presentational problems, including the one to which you refer, the expenditure implications, the impact on individuals and the desirability of fitting solutions into a national social security system.

E. R.

Against this background I would hope to formulate proposals during September so that these can be reflected in the decisions we will have to take in October about the April 1988 benefit rates. In the meantime, I agree that we should stick with the existing line publicly - that help for low income families will be built into the income support system and that decisions on the precise basis will be made nearer the time. Clearly those decisions, when we take them in relation to the community charge, will affect the picture of gainers and losers and it would be prudent to acknowledge this.

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

Yours ever,

Nick.

NICHOLAS SCOTT

