

PRIME MINISTER

THE COMMUNITY CHARGE AND SERVICE PERSONNEL

You will remember that E(LF) decided there should not be local variations in the compensation given through income support for the community charge. The DHSS letter below erects this decision into a principle, arguing that it stemmed from a view of the social security system as being geared to providing benefits at nationally uniform rates. That is not at all the case: the E(LF) decision related to the particular case of the community charge. Moreover, there should be no principle of nationally uniform rates. As geographical variation in pay increases it will be most important, for example, that unemployment benefit should also have a degree of geographical variation. Otherwise the unemployment trap may worsen in those areas of lower pay.

Agree to make these points?

DR

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