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From the Private Secretary

THE COMMUNITY CHARGE AND SERVICE PERSONNEL

The Prime Minister has seen the letter of 7 December from Mr Scott, Minister for Social Security and the Disabled, to the Secretary of State for the Environment about the community charge and service personnel.

The letter argues that to compensate service personnel for local variations in the community charge would increase the pressure to provide compensation related to actual charges for people on low incomes. It goes on to say: "This could only be achieved by using different income related benefit rates in different parts of the country, an approach already rejected by E(LF) as being at odds with a social security system geared to providing benefits at national uniform rates". The Prime Minister believes that this is to read too much into the E(LF) decision, which was not based on acceptance of a principle that the social security system should be geared to providing benefits at national uniform rates. Indeed in due course it may well be important that some benefits at least should vary geographically. As geographical variation in pay increases it may for example be right that unemployment benefit should also vary by area. Otherwise the unemployment trap could worsen in areas where pay was relatively low.

The Prime Minister has not commented on the question whether service personnel should be compensated for the actual community charges they will pay.

I am copying this letter only to Mike Eland (Lord President's Office), Alex Allan (HM Treasury), Jill Rutter (Chief Secretary's Office), Nicholas Wilson (Department of Employment) and Trevor Woolley (Cabinet Office).

David Norgrove

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