

CC/BGT



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My ref:

Nicholas Scott Esq MP
Minister of State for Social Security and the Disabled
Department of Health and Social Security
Alexander Fleming House
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15 December 1987

NBSM

Dear Minister,

LOCAL GOVERNMENT FINANCE BILL: HELP WITH THE COMMUNITY CHARGE

Thank you for your letter of 11 December ^{at 11.00} about a possible announcement to co-incide with Second Reading of the Local Government Finance Bill.

As your officials may already have told you, we are content that you should make such an announcement on Wednesday, and that the scope should be broadly as you suggested. However, drafting is complicated by the PQ from Jack Cunningham, which asks about the effect of the rebate system, on certain assumptions. It seems to us that

- the Cunningham PQ should be answered separately, but also on Wednesday;
- the answer should give the figures he seeks, but emphasise that they are hypothetical at this stage;
- the inspired PQ should then make clear that it is dealing with the framework of the rebate system; and that the figures will be settled, as is usual, nearer the time.

I do, however, think that it would be worthwhile quoting the figures for uprating income support that E(LF) agreed on 3 November.

I enclose a suggested redraft, including the uprating point. Perhaps you would let my officials know if there are any further changes you feel need to be made. I should be grateful too if you could clear the answer to the Cunningham PQ with me.

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

Yours sincerely,

Ridley

PP

NICHOLAS RIDLEY

(Approved in draft by the Secretary of State and signed in his absence.)



Question To ask the Secretary of State for Social Services by what means people with low incomes will receive help towards the community charge.

Draft answer

Help for those with low incomes will take two forms. Community Charge rebates of up to 80% of the charge, depending on income and family circumstances; and compensation, built into income-related benefit levels (income support, housing benefit and family credit) towards the 20% minimum community charge payment.

Community charge rebates

Community charge rebates will be administered by local authorities. Rebates will be available on personal community charges and collective community charge contributions, but not towards the standard community charge. Everyone who is liable for such a community charge will be eligible to apply for a rebate, except that rebates will not be available for those students who are required to pay only 20% of the charge.

Entitlement to community charge rebates will be based on an assessment of individuals' needs and resources. It is envisaged that the method used for that assessment will follow that set out in the Housing Benefit (General) Regulations 1987 for assessing entitlement to housing benefit, although the precise amounts used to determine entitlements will not be settled until nearer the time, and will be subject to approval by Parliament. The maximum 80% rebate will however be available to everyone receiving income support or with an income of an equivalent level. As with rate rebates, there will be smaller rebates according to a sliding scale for those with incomes above income support levels. It is intended that wherever possible people entitled to a rebate should receive a net community charge bill.

Married couples and couples living as husband and wife will be jointly assessed for rebates, on the basis of their combined resources and the total of their community charge bills. Any rebate to which they are entitled will be divided equally between both partners.

Because eligibility for rebates will be assessed separately for each individual and married or cohabiting couple, there will be no non-dependant deductions within the community charge rebate scheme.

Discussions with the local authority associations on the operation of the rebate system have already started. Because community charge rebates will begin in Scotland in 1989, it will be necessary to publish draft Regulations in the spring or early summer of 1988, and lay them in the autumn.

The rebate Regulations for England and Wales will follow the precedent of those made for Scotland. During the period in parts of England when domestic rates and the community charge are running in parallel, the rebate system will be constructed so as to take account of both liabilities.

Income Support

The Government has decided that there will be a once-for-all adjustment to income-related benefit levels from 1989 to help meet the 20% minimum contribution to the community charge. This adjustment will take place in April 1989, to co-incide with the introduction of the community charge in Scotland. The precise amounts to be included in benefit levels will be decided nearer the time. But, on the basis of 1987/88 illustrative community charges in Great Britain, the Government would have included uprating of £1.70 for couples, £1 for single people under 25 and £1.10 for all other single people.

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