

CONFIDENTIAL

cg/Up

P 02993

PRIME MINISTER

COMMUNITY CHARGE: DISCLOSURE OF INFORMATION AND  
DIRECT DEDUCTIONS FROM BENEFIT

[E(LF)(87)46; Letters of 23 November from the Social Services Secretary; 7 January from the Scottish Secretary to the Environment Secretary; and 25 January from the Chief Secretary to the Environment Secretary]

ALSO S/S SECRETARY 3 FEBRUARY

DECISIONS

The Environment Secretary seeks decisions on two issues concerned with the liability of income-support recipients to the community charge:

- i. passing information. He proposes that DHSS local offices should pass information on all income support recipients to the local authority for the purpose of community charge registration; and
  - ii. deductions from DHSS benefits. He proposes that where income-support recipients fall into arrears on the community charge there should be direct deductions from DHSS benefits.
2. Both proposals are opposed by the Social Services Secretary, although we understand informally that if feeling is generally against him on the first issue, he is likely to be prepared to accept what is proposed.

CONFIDENTIAL

CONFIDENTIAL

## MAIN ISSUES

### Disclosure of Information

3. It has already been agreed that the DHSS should give local authorities the names and addresses of all claimants for income-support who also wish to claim housing benefit and community charge rebates. This is likely to catch most claimants who are householders since they will want to claim housing benefit.

4. Mr Ridley's concern is with those - such as young and highly mobile people - who may claim income-support but not housing benefit, probably because they hope that by not claiming it they may evade the community charge altogether. Under present plans their names and addresses would not be passed to local authorities.

5. Mr Ridley's simple solution is that the names and addresses of all income-support claimants should be passed to local authorities whether or not they wish to claim housing benefits, so that authorities can check that all claimants register for the community charge. An important argument in favour of this approach is that income support rates are being increased to cover the average cost of claimants' 20% minimum contribution to the community charge.

6. The Social Services Secretary argues that any such provision would raise issues of great sensitivity concerning the confidentiality of income support records, and would therefore be controversial. He does not believe that it would add much to the arrangements which have already been agreed for transferring information whenever DHSS clients wish to claim housing benefit or community charge rebates. He will point out that DHSS does not make similar disclosures in any other circumstances, and also that no other Government agencies (eg the Inland Revenue) are being asked to transfer similar information on their clients.

CONFIDENTIAL

CONFIDENTIAL

7. The Sub-Committee will want to weigh the benefits of Mr Ridley's proposal in ensuring that income support claimants all go on the community charge register against the controversy which the proposal is likely to generate. We understand that if the feeling of colleagues on E(LF) is in favour of Mr Ridley's proposal, then Mr Moore will be prepared to accept this. But he will insist that Mr Ridley includes specific powers in the Local Government Finance Bill. Otherwise claimants might seek judicial review of any decision by DHSS to breach the confidentiality of their records.

#### Direct Deductions from Benefit

8. Mr Ridley wants a provision to allow direct deductions from the benefit of people who have fallen into arrears on their community charge payments. He believes that recovery of arrears from benefit would be more acceptable than any of the alternative methods of recovery which will be available to local authorities under the Local Government Finance Bill, particularly the seizure of possessions. He sees his proposal as an extension of the current provisions for rent arrears, fuel bills and the repayment of social fund loans to be recovered from benefits.

9. The Social Services Secretary is strongly opposed to this proposal. He will point out that deductions for rent and fuel arrears are made only where claimants come to DHSS for assistance with these bills. A proposal to allow local authorities to require deductions from benefit would be a very different matter. Furthermore the present deductions are subject to a limit of £5.10 per week. People who get into arrears on the community charge may well be in similar trouble on rent or fuel bills, and there may be very limited scope for further deductions. You will wish to sound out other members of E(LF) on whether they agree that these are persuasive arguments and whether direct deductions should be pursued.

CONFIDENTIAL

CONFIDENTIAL

VIEWS OF OTHER MINISTERS

10. We understand that the Chief Secretary, Treasury has not yet taken a view on these issues. He has however suggested that it would be helpful if before the meeting takes place the Social Services Secretary could circulate information about the extra administrative costs which each of the Environment Secretary's proposals would involve. The DHSS plan to do this.

Now  
Given  
in  
letter  
of  
3 FEBRUARY.

11. The Secretary of State for Scotland has written round in support of the Environment Secretary on the first issue, disclosure of information, but has not indicated his views on direct deductions from benefit.

PLG  
3/2

HANDLING

12. You will wish to ask the Environment Secretary to introduce his Memorandum. The Social Services Secretary will wish to explain his objections. The Secretaries of State for Scotland and Wales and the Chief Secretary, Treasury will also wish to comment.

*RTJ*

R T J WILSON  
Cabinet Office

29 January 1988

CONFIDENTIAL