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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for Social Services

NBPM

at this stage.

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The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

Jy February 1988

Nicholas

COMMUNITY CHARGE: DISCLOSURE OF INCOME SUPPORT RECORDS AND ATTACHMENT OF BENEFIT

attached

We have both now had an opportunity to consider the decisions made in Cabinet Committee E(LF) on 4 February and I thought I should write to you to confirm the way forward.

On disclosure of information from income support applications, as you know, DHSS solicitors are drafting amendments to the Social Security Act 1986 to go into the Local Government Finance Bill which will provide for an exchange of information in relation to community charge rebate similar to the current arrangements for housing benefit.

This will enable local authorities to receive information in the majority of cases. For the remainder - those who will be receiving income support but who do not claim a community charge rebate, we will provide instructions for a provision in your Bill which will enable us to pass such information to the community charge registration officer subject to safeguards on further disclosure in accordance with the Cabinet Committee decision. I understand that your officials are exploring the Data Protection aspects of any transfers which may occur within the local authority.

I turn now to the decision on deductions from benefit. We had not previously thought in terms of an order equivalent to attachment of earnings but I accept that defaulting income support recipients should be treated in the same way as persons at work who default on community charge. Orders for deductions from benefit made by a court are not without problems both for ourselves and the courts and my officials will liaise with the Lord Chancellor's Department and the Home Office to explore what will be needed.

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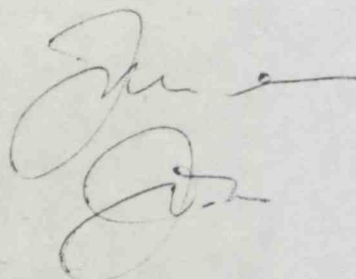
I note that the decision suggests that the deductions which can be made under our income support regulations should be increased to take account of community charge. They will in any case be increased proportionately because the community charge element will be included in the total applicable amount and deductions are a fixed percentage of that amount. Any attempt to ring-fence the community charge element so that it could be used to pay arrears would run counter to our agreement in E(LF) last year that once the benefit levels are set for April 1989, the amounts included to cover the minimum community charge payment will be uprated annually as part of the general uprating of benefits. I am sure you will agree that it would not be sensible to attempt to recalculate each year a separate element for the community charge as that would only serve to highlight the issue annually, particularly if that amount is not increased in line with actual increases in the level of community charge. It could also lead to beneficiaries paying only that element identified, even where the 20 per cent contribution is higher than the average. Further, it would move us away from the principle that under income support we expect people to budget for themselves from the amount they receive rather than have the State indicate how the money should be spent.

More generally, if the community charge element were to be ring-fenced for the payment of arrears, I think you would find that current payment might well suffer because the amount had already been used. As I have already indicated in earlier correspondence, one of our major problems with deductions is to set the deductions which can justifiably be made for essential purposes at a level which leaves claimants enough to manage current bills. This is, of course, a factor which the courts will no doubt take into account if asked to make an attachment of benefits order.

We should, of course, need primary legislation to make such orders and I will ask my officials to contact yours to establish how you wish us to carry forward the Cabinet Committee decision. In particular I would be grateful in the light of recent publicity if your officials could agree with mine any line you propose to take in standing Committee until the details are more clearly sorted out.

I will of course need additional running cost provision for all these changes. We are currently looking at our estimates in the light of these decisions and the requirements will be included in the public expenditure survey.

I am copying this letter to other members of E(LF), to the Lord Chancellor and to Sir Robin Butler.



JOHN MOORE

LOCAL GOVT: Rating PT 9

