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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon John Moore MP PC
Secretary of State for Social Services
Department of Health and Social Security
Richmond House
79 Whitehall
London
SW1A 2NS

1st June 1988

Dear Secretary of State,

**COMPENSATION WITHIN INCOME SUPPORT FOR MINIMUM CONTRIBUTION
TO COMMUNITY CHARGE**

Thank you for sending me a copy of your letter dated 18 May to Nicholas Ridley. *flap*

As you say, all this will have to be looked at again in the Autumn before the precise amounts of compensation can be settled. In the meantime, we will need to consider the public expenditure consequences of your proposals in the Survey, in the usual way. Until we have looked at those consequences, I would prefer not to offer any detailed comments. Our officials will also need to examine the basis for the assumption that the average community charge paid by those on Income Support would be £1.00 per week if the charge were in place this year. This is a considerable increase on the 85p assumed for last year when E(LF) considered the matter.

My only general comment would be that the need for what you see as a realistic level of compensation will need to be balanced by full recognition of the substantial costs to your programme. As you know, your existing PES provision already contains nearly £400 million a year for compensation in Income Support, and only recently over £100 million has been added to your programme as a result of the decision to reduce the community charge rebate taper for those above Income Support.

I am sending a copy of this letter to the Prime Minister, Nicholas Ridley, Tom King, Malcolm Rifkind, Peter Walker and Sir Robin Butler.

Yours sincerely,

John Major

PP JOHN MAJOR

(Approved by the Chief Secretary and

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