



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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*From the Minister of State for Social Security and the Disabled*

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The Rt Hon Nicholas Ridley MP  
Secretary of State for the Environment  
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*Der Michales,*

COMMUNITY CHARGE: DEDUCTIONS FROM BENEFIT *map*

Thank you for your letter of 19 October in reply to mine of 2 October.

Whilst I am pleased that you have accepted that this Department should make the necessary regulations, I am disappointed that we are still clearly far from reaching agreement on the issues of priority and the level of deduction.

As you will doubtless recall, we argued in Cabinet Committee that adding a further deduction to those which we already make, would create tensions in the priorities which we have established after careful consideration and strongly believe ought to be maintained for the sake of the families concerned. Extending the total amount deductible for arrears by a further sum and reserving it for community charge arrears will undoubtedly solve the problem in most cases. However, as I have said previously, where we are already making maximum deductions, we cannot stop payment of rent arrears, fuel or water, in order to give preference to community charge because of the consequences that would have for the family. Similarly, if a family face eviction or disconnection of supply, we must retain the right where necessary to take steps to prevent that happening. It will not happen frequently but assurances will be sought and we must be in a position to give them.

I note what you say about 'culpable neglect' but I was largely relying on a reply which Michael Howard gave to Simon Hughes on this point during the debate on 20 April last [Or Vol 131 Col 838/9]. That reply stated quite categorically that "imprisonment will be available only where there is a wilful refusal to pay by someone who has the means with which to pay".

**E.R.**

In any event, I find it hard to accept that a court would imprison a person with debts for housing, fuel etc deducted from his benefit leaving no scope for further deduction. His alternative seems to be to pay the community charge arrears but face eviction or discontinuation of fuel and/or water. I am afraid therefore that my view is unchanged that we must retain control of priorities in the relatively few cases where it is likely to arise.

On the question of liability for a subsequent year in which arrears are still being paid on the earlier year, we have always recognised that this would be a problem; it was mentioned in John Moore's letter of 29 February. The justification for making deductions from benefit is that an amount has been included in the income support to meet the minimum liability. The deduction for arrears will manifestly be more than has been put in, which we hope will in itself be an incentive not to get into arrears. However, you are seeking an additional deduction without a liability order, to meet an ensuing year's liability.

It is important to recognise that income support is geared to meeting day to day living expenses and that scope for making deductions whilst allowing sufficient to live on is therefore limited. If the money is available, presumably the individual will be anxious to pay and avoid a further liability order. If he does not do so, presumably the charging authority can seek a further order either to follow the first or to include any outstanding balance from the first.

As I have indicated, we have recognised the problem from the outset but we would not wish to have extra deductions outside the scope of a liability order, indeed there is no power in legislation to do so since Schedule 4 paragraph 6 of the LGFA is framed in terms of a liability order preceding the deduction in accordance with the Cabinet Committee decision. We should not wish to go beyond that.

Turning to the question of amounts, you mention our current position on fuel debts. Effectively, what we do is to allocate £1.70 each to gas and electricity but where there are arrears of only one - usually because only one fuel is used, the amount can be £3.40 for the single fuel debt. I do not think that this conflicts with anything I said in my letter. It is not special treatment and the basic unit is still £1.70 or a multiple thereof.

Even if we were to consider tailoring the amounts to an individual and a couple, this would mean a break away from the £1.70 since we could not contemplate a basic amount as high as £3.40 for a couple. If we start to tailor the deductions closer to the amounts which will be included in income support it will highlight those amounts in a way which we have been anxious to avoid. I thought that we had agreed that £1.70 would apply in all cases since it is a rate we already use and can be justified in the case of a single person because it represents arrears. I can only repeat that any departure from our standard deduction for arrears payable to third parties would create considerable problems not least in our negotiations with the fuel boards, and I am convinced that we ought to stick to the standard £1.70 for community charge arrears.

E.R.

Finally, whilst officials here are poised to instruct solicitors to draft the regulations, until we have reached agreement on these matters there is little they can do to make progress. I hope therefore that you will consider the above points again in the hope that we can reach a final agreement and proceed to draft the regulations.

I am sending a copy of this letter to John Major, Malcolm Rifkind, other members of E(LF) and to Sir Robin Butler.

Yours ever,

Nick .

NICHOLAS SCOTT

LOCAL GOVT. Rates Pt. 4

