



Minister for Local Government  
and Inner Cities

Department of the Environment  
2 Marsham Street  
London SW1P 3EB

Telephone 01-276 3000

JRH February 1990

Dear Gillian

Chris and Tony have recently corresponded about the impact of substitute community charge bills, whether caused by capping or other events, on your benefit subsidy arrangements. A parallel issue which our officials have discussed is the effect that late bills could have on certain benefit claimants. This was raised in the attached cutting from the Sunday Telegraph of 12 February.

Local authorities are required to set their charges by or before 1 April and to issue bills as soon as practicable after the charge is set. In practice, we expect the overwhelming majority of councils will send out their bills a fortnight either side of 1 April. But there could be exceptions leading to late bills where for example:

- a. an authority anticipated being capped and chose to wait until the charge was determined before billing;
- b. an authority's computer equipment was delivered late or failed to work properly.

I do not believe that (a) justifies late billing and we shall do all we can to urge authorities to send out accurate bills on time irrespective of capping procedures. Indeed notwithstanding (b) it is my line and one that I shall be repeating between now and April that everything possible must be done to get bills out with proper adjustments for community charge benefit and transitional relief in good time.

I understand that DSS are concerned about benefit claimants faced with a late bill and particularly those in receipt of income support. These people should get the maximum 80% reductions in their bills automatically but still need to contribute 20% from their enhanced income support. The difficulty is, if such people



RECYCLED PAPER



get a badly delayed bill, they could be faced with having to pay 12 months' worth of community charges in say six months, and may not have set aside any of their enhanced income support to meet their liability. To reduce this risk I understand you wish to advise authorities who expect serious delays to send out earlier but unadjusted bills with an advice slip reminding income support chargepayers to set aside a least 20% of the full charge so that they can meet the adjusted bill when it eventually arrives.

Whilst your proposal is clearly intended to be helpful to income support chargepayers I am very concerned about the way some authorities may choose to interpret it. First, unless carefully timed and presented, it offers comfort to those authorities who may wish to delay sending out accurate bills at a time when we should not be relaxing pressure on them. Second, some authorities can be relied upon to draw attention to the impact of the community charge on income support people in a particularly unhelpful way and I am anxious not to offer them any encouragement.

We need to put this into perspective. There need be no problem of a "bunched" community charge liability, so long as claimants get an accurate bill at any time within two months of 1.4.90. This is because there would still be time for claimants to pay their minimum charges in the 10 months of the year that would then remain. Bunching can only therefore start if bills are delayed until June and probably only becomes serious if the bill arrives as late as July. Local authorities have a discretion to agree instalment plans more frequent than 10 if they wish and this offers scope to match community charge payments quite closely to income support flows. I cannot be sure, but I believe that only a tiny number of authorities, if any at all, will be unable to send fully adjusted bills to all chargepayers before July.

For these reasons I would much prefer that we maintain the line that everything possible must be done to send accurate bills to all chargepayers by or before 1 April and that no encouragement is given to any authority to send out unadjusted bills. I see no need to mention the possibility of unadjusted bills at this stage and no need to suggest that special warnings be given to income support chargepayers unless and until bunching looks inevitable. It seems to me that the earliest we would know of this and need to offer advice would be about May or June and that advice should then be restricted to the very small number of authorities where the issue was real.

I believe the above approach can minimize difficulties for income support chargepayers whilst avoiding scare stories of the sort trailed in the Sunday Telegraph. If you are broadly content we can ask our officials to discuss and finalize details.

*Yours ever*

*David*

DAVID HUNT

Mrs Gillian Shephard MP