



PRIME MINISTER

B/F Monday.

COMMUNITY CHARGE: HELP FOR THOSE ON LOW INCOMES

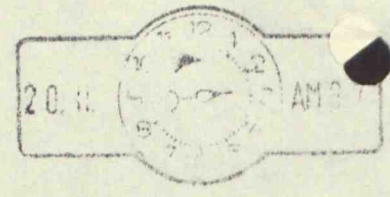
I have studied the exchange of correspondence following Councillor Layden's letter to you of 23 December. In general, I would accept the balance of arguments put by Nicholas Ridley. But we must recognise now that the introduction of rebates for the community charge, as well as reducing the pressure on local authorities to constrain spending, will significantly add to the caseload and expenditure on housing benefit. In particular, it would extend help through housing benefit for the first time to the young unemployed who live at home. On our figures, this means that whereas in 1988 we would expect the reforms to reduce caseload from about $6\frac{3}{4}$ million households to about $5\frac{1}{2}$ million, once the community charge is fully in place the Great Britain total would rise to about 7 million people receiving rebates.

It follows that I strongly support Nicholas on his desire to reduce the range of community charges so far as possible. We must also leave open the details in Scotland as well as in England and Wales of the rebate scheme so as to allow us to consider ways of putting maximum pressure on high spending councils. I think the reply to Councillor Layden should make it clear, however, that everyone will be expected to make a ~~maximum~~^{minimum} contribution to the community charge.

Copies of this minute go to Willie Whitelaw, Nicholas Ridley, Douglas Hurd, John MacGregor, Nick Edwards, Malcolm Rifkind and Sir Robert Armstrong.

19 February 1987

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CONDUCTOR

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