SECRET P 02685 PRIME MINISTER MINIMUM CONTRIBUTION TO DOMESTIC RATES: E(LF)(87)17 DECISIONS The Sub Committee need to decide which groups of beneficiaries should be compensated to i. meet their new liability to pay at least 20% of their rates (and subsequently, community charges); ii. what the rate of compensation should be;

iii. how and when the decisions should be announced.

BACKGROUND

- The decision that rate rebates should be limited to 80% to increase local accountability was taken in MISC 111 in March 1985. Both the Parliamentary proceedings on the Social Security Act 1986 and the Green Paper "Paying for Local Government" use the 80% figure for illustrative purposes. So far, however, the figure has not been confirmed. Housing benefit regulations will be needed to bring the restriction into force from April 1988, and the intention is to issue the regulations in draft to enable the local authorities to start their planning in good time.
- At their meeting on 23 April (E(LF)(87)6th meeting) the Sub Committee decided that the Abolition of Domestic Rates etc (Scotland) (ADRES) Bill should enable 100% rebates from the community charge for a tightly defined group of the disabled. You wished, however, the Sub Committee to have a fuller consideration of the way in which the new 20% liability would bear on the most

vulnerable groups, and Mr Fowler brought forward a paper that was considered on 30 April (E(LF)(87)7th meeting). That meeting confirmed the 20% minimum contribution but accepted that some increased income support would have to be made available to the most vulnerable groups. You were concerned that the concession should be limited as much as possible, though you thought it would have to extend to pensioners and the long-term sick and disabled. One point that weighed with you was that the able bodied unemployed have access to undeclared sources of income that are not likely to be available to the sick and old. You invited the Social Services Secretary to work up a scheme as quickly as possible.

- The Ministers concerned held a meeting last week where the Chief Secretary reserved his position but the other Ministers present took the view that it would not be feasible to limit this concession to selected groups of those eligible for income support, and that any attempt to do so would be very vulnerable during the questioning to be expected over the next few weeks. Fowler recognised, however, that one consequence of making compensation through income support was that the money would flow to ratepayers and non-ratepayers alike, so that non-householders would get an uncovenanted windfall bonus. He therefore undertook to consider what could be done to set up clawback arrangements to prevent non-householders from gaining. In his present minute Mr Fowler seeks agreement for compensation to go to all groups eligible for income support (subject to clawback) and that the rate should be the average of the 20% rate liability for those on income support (which works out at £1.30 a week). The Chief Secretary, still reserves his position. He suggests that either the eligible groups or the rate of compensation could be restricted, and warns that he will need to seek offsetting savings during the next public expenditure survey.
- 5. Although the immediate focus is on the position in respect of rates from April 1988, adjustments will have to be made to accommodate the community charge first in Scotland in 1989 and

then in England and Wales in 1990. You will not wish the present meeting to get drawn into detail on that. But you will wish to confirm that if there is a change of course from 100% rebate for the very severely disabled in Scotland to a more widely based income support arrangement, then nothing is left on the record of the ADRES Bill that could lead the Government to be accused of bad faith. I attach extracts of what Lord Glenarthur said on 30 April (when E(LF) had decided on the 100% rebate) and of his comments on 5 and 11 May. Provided that the disabled are compensated through income support at a rate not less than the average new liability, Lord Glenarthur's remarks appear sustainable.

MAIN ISSUES

6. It has already been agreed (E(LF)(87)7th meeting) that some increased income support must be made available to the most vulnerable groups. This means that the compensation must be at a flat rate applying nationally, and cannot be tailored to a particular rate or community charge level in a particular local authority. The questions are which groups should qualify, and what the level should be.

Which groups

7. At the last meeting you accepted that assistance would have to extend to pensioners, the long-term sick and disabled. The other premium groups that qualify for higher levels of income support are families with children and lone parents. Technically, it would be possible to limit assistance to any of these groups. But at last week's meeting Mr Fowler felt (and Lord Young and Mr Tebbit agreed with him) that no defensible basis could be found for compensating some groups on income support for the new rates liability, but denying asistance to others. In particular they felt that it would not be sustainable to be seen to be relying on the assumption that the able-bodied unemployed could turn to the black economy, and that is the point you will especially wish to consider.

The rate of assistance

8. Mr Fowler suggests that the only logical approach is to compensate at the <u>full average level</u> of the new liability that will be assumed. (The figure of £1.30 is, in fact, the <u>lowest</u> average that can be found since it represents the average new burden that will be assumed by those on income support: the unadjusted national average would be £1.60.) The Chief Secretary, however, suggests that one obvious way to reduce the heavy cost would simply be to scale down the rate of compensation to, say, £1.00. This is a pure judgement of what is politically sustainable. Mr Fowler will certainly argue that compensating at a lower level than the average will still cost a great deal of money, but signally fail to obtain any political benefits. You will also wish to bear in mind that anything less than the full average rate of liability by the severely disabled for the Scottish community charge would be difficult to defend.

The costs

The tables circulated with Mr Fowler's minute show the public expenditure and PSBR costs of compensating each category of income support beneficiaries at rates of £1.30 and £1.00. The left-hand columns show the costs for income support, housing benefit and family credit, which will be calculated on a common basis and cannot be separated. The extreme right-hand column shows the cumulative totals. You will see that the full cost of Mr Fowler's proposal of £1.30 works out at £380 million (of which £352 million is public expenditure); the Chief Secretary's proposal of £1.00 works out at £295 million (of which £275 million is public expenditure). The cost of Mr Fowler's proposal probably represents the greater part of the savings that were obtained from the Housing Benefit element of the Social Security Review, although DHSS and the Treasury have never reached sufficient agreement on the appropriate base lines to make this an unambiguous calculation. As I mentioned in the brief for the last meeting, one of the main preoccupations of last year's Star Chamber was to

reduce the April 1988 starting level, in order to prevent the whole social security programme being ratchetted up yet further.

Clawback

10. About one million recipients of income support are not ratepayers. Until the community charge is brought in to apply to all adults, these people will benefit from any flat rate support unless special arrangements are made to claw it back. The single most effective device of that kind would be to increase the non-dependant deduction for Housing Benefit (ie the amount that is taken off a householder's Housing Benefit to allow for assumed contributions by non-dependants in his household) and Mr Fowler reckons that this would save about £50 million. There may, however, be further devices for identifying other groups of non-ratepaying beneficiaries and clawing back payments made to them to produce a further saving of, say, £10 million. Recouping transitional protection might well help here. DHSS would need to go into the details of this urgently with the Treasury and with their operational people (who have not yet been brought into consultation because of the sensitivity of the subject.) You may well wish to press Mr Fowler to go further on clawback than his minute promises.

Community Charge

11. All this discussion is in terms of <u>rates</u>. When the community charge is introduced, it will be necessary to make adjustments, at least to release the money that had been clawed back so that it flowed to new community charge payers. There will clearly be a transitional problem here with Scotland in 1989, since the social security system operates on a national basis and is not well geared to deal with a situation in which the community charge operates in only one part of the UK. The present meeting, however, need only note the point and not go into it in detail.

Scotland

12. As I described under "MAIN ISSUES" above, there is a particular point on the ADRES Bill, which is having Commons consideration of Lords amendments tomorrow afternoon. On Third Reading, Lord Glenarthur implied that the severely disabled would qualify for full rebates. In his statement yesterday on Report, he indicated that the assistance might be by way of income support. Provided that the assistance to the disabled is no less than the full average cost of the 20% liability, the position should be manageable. But there may be a case for putting a clear statement on the record as soon as possible, to head off any later accusations that the ADRES Bill was obtained by sharp practice in the Lords.

Timing and method of announcement

13. If the meeting takes clear decisions on the scope and rate of compensation, there is everything to be said for announcing the general intention as quickly as possible. One possibility might be for the Social Services Secretary to issue the draft Housing Benefit Regulations this week. Those regulations would simply confirm the 80% maximum rebate, but it would be an opportunity for Mr Fowler to announce that benefit payments at the level decided would be extended to "everybody who has to meet the new liability" or some such formula. Whatever form of words is used, it must allow Mr Fowler room for manoeuvre to develop clawback arrangements.

HANDLING

14. You will wish to ask the <u>Social Services Secretary</u> to introduce his minute and the <u>Chief Secretary</u> to comment next. The <u>Employment Secretary</u> will have views on the sensitivity of this issue over the next few weeks, and the <u>Chancellor of the Duchy may</u> have sent you his comments on that. The <u>Lord President may</u> also wish to offer a broad political assessment. The <u>Environment</u>

Secretary will particulary wish to comment on the transition to the community charge in due course. On the Scottish aspect you may wish to ask for comments from the <u>Lord President</u> and the <u>Scottish Secretary</u>.

15. Finally, you will wish to ensure that the Sub Committee makes plans for an announcement that leaves no loose ends either on the question of the Housing Benefit Regulations or the Scottish disabled point.

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J B UNWIN

Cabinet Office
12 May 1987

disabled persons can and do play a full part in the life of their community and in the local democratic process. Where they do not, however, they may well in any case come within one of the exemptions I have described—if they are also severely mentally handicapped, or if they are resident in hospitals or homes.

We recognise, however, that there will nevertheless be a category of severely disabled people living in the community who at present enjoy full rates relief and who should in equity maintain that position under the community charge system. We therefore propose that additional help, which could extend up to 100 per cent. of the community charge, should be available for a clearly defined group of severely disabled people. We are still considering the exact scope of this provision, which will be brought forward in the rebate regulations under the provisions of Clause 24 of the Bill.

I have set out in some detail the Government's proposals for exemptions in the light of our earlier discussions. With the leave of the House I shall be happy to expand on these proposals in the light of further points that may be raised by your Lordships on the various amendments to which we shall come. I commend to the House Amendment No. 98 dealing with the severely mentally handicapped, and I beg to move.

Lord Morton of Shuna: My Lords, it is obviously fair that people who are suffering from severe mental handicap should be excused from paying, quite apart from any other people who should be excused. We on this side fully accept that. However, there are various difficulties that I foresee and perhaps the Minister will clarify them.

The definition is taken from the Mental Health (Scotland) Act, but it is not the complete definition in the Mental Health (Scotland) Act, which defines severe mental impairment in a different way and talks about severe mental impairment rather than severe mental handicap. Mental impairment under the Mental Health (Scotland) Act depends, to use the last phrase, on somebody being of,

"significant impairment of intelligence and social functioning and is associated with abnormally aggressive or seriously irresponsible conduct".

That concept is left out, and I am not quarrelling with the fact that it is left out. What I am trying to get at is who decides. That is left completely blank in the Bill. There is nothing to say.

So far as we can see, the only person who can possibly have this responsibility of deciding who is severely mentally handicapped is the poor old registration officer. I should have thought he was the last person who would want that responsibility. Surely some method must be provided in the Bill saying how to set out to establish it, whether you need one medical certificate or two medical certificates is needed. There must be something more definite. A definition is required. One of the difficult situations which will clearly arise, quite apart from homes in the sense of nursing homes, is the common situation where an elderly person who is suffering from senile dementia to a greater or lesser extent is in the family house, being looked after by members of the family. Is that person—assuming they reach the level; whatever it may be—of severe mental impairment, handicap, to be excused? If so, how does one set about it?

Although we welcome this amendment, I think we need far more information. It is a great pity that it comes at such a late stage because we only discussed it in detail at Committee and at Second Reading, but it has already been through another place. The Government must have thought before they put forward this basis of what they were going to do with the people—or they should have thought if they did not do so. It tells us a lot about how they approached the personal community charge if they did not think of the status of people who are handicapped in one way or another. They should have done so.

We must assume for the benefit of the Government that this is a change of sense, and it is a pity that we do not know enough about it. For example, what is the intention of the Government in the sort of mental illness one frequently sees where somebody has periods of lucidity and periods of total incapacity? For instance, will some schizophrenics be classified as severely handicapped, or is mental illness to be left out because it is different from mental handicap? Does "mental handicap" include mental illness? This is the sort of situation which we should have had in the Bill for Second Reading, I would suggest, then we could have put down amendments and come back at Report. But we are having to do this too late.

Turning to the other amendments in the group, the Government's approach is that the mentally handicapped are to be excused on the grounds put forward by the noble Baroness, Lady Carnegy, that because of their mental impairment they cannot take any part in the democratic process. That is a perfectly valid approach. However, the other difficulties which arise for the other handicaps cause trouble. They, like the mentally handicapped, use the services to a very great extent. But in places like the Thistle Foundation in Edinburgh and other organisations which do similar good work one gets very severely handicapped people who receive invalidity pensions or some other pensions which are restricted because they are in a place which gets assistance. I am quoting totally from memory but I think they are restricted to about £7.75 per week which is supposed to be their pocket money.

There is the same situation in old people's homes which are assisted by local authorities or by the state in one way or another. There is this allowance. It is unfair if people are restricted to this low level because they are in an assisted home and are not going to get some assistance for paying a new personal charge. And that at least until the English Bill comes in—if it ever comes in—is not going to be paid by their counterparts south of the Border, If we are talking about them paying 20 per cent. of community charge of, say, £300 a year, that is asking them to cough up £1 a week, broadly speaking—and £1 a week out of £7 is a great deal of money.

Then we have to consider whether we want to deal with the matter in this way or whether the best way to do it is to increase the payments which they receive. I should have thought that the easiest and fairest way is to excuse them from any liability once they fit into this category. That is the reason for the other amendments which we have put down in this group; that is,

[LORD ALLEN OF ABBEYDALE.]

enough. The underlying justification is the argument about accountability and the inability of these people to understand the democratic process. This means that nothing is being done, in the example quoted on my behalf by my noble friend Lord Henderson at Committee stage, where you have parents with, say, two mentally handicapped children at home, over 18, who do not qualify under the strict criteria laid down in the definition. Even with the full rebate it will land their parents with an additional bill of perhaps £100 a year. I find this just a little difficult to reconcile with the government policy of increased care in the community.

Like the noble Lords, Lord Henderson and Lord Morton, I am a little puzzled about the pocket money problem, which if I may say so the Minister tended to rather brush aside when he was speaking of this at Committee stage at col. 784 of Hansard on 2nd April. Actually, I thought the figure was £9 and not £7, but a cut of something like 10 per cent. in what is itself a pretty modest figure is something which is going to be very hard to take. So although I very much welcome the gesture made by the Government, the provisions made in the Bill, the additional provisions which are to be made in regulations, as the Minister has explained, and the difficulty of sorting out anything on a rather more consistent and logical basis at this late stage, I think I should put it on record that when we get comparable provisions relating to England and Wales we may not feel able to let a simple copy of these provisions go through without challenge. Having said that, I end as I began by thanking the Government for what they have done.

Lord Ross of Marnock: My Lords, I too should like to begin by thanking the Government for accepting in part the amendment that I put down at the Committee stage and which I have repeated at this Report stage, where I linked the severely handicapped, physically and mentally, together. I think they could have gone a little further. In many ways the tightness of the first part of the Minister's acceptance of this in relation to mental handicap is very cruel. When you take the tightness of that definition in his Amendment No. 111, I do not think it goes nearly far enough towards what most rather sensitive people would have expected in respect of this. Even now we do not quite know. It is going to be left to some unnamed experts to arrive at some definition that we are going to get in a regulation later.

Like the noble Lords, Lord Henderson and Lord Allen, I too should have liked to see a more generous spirit in relation to the physically handicapped—severely physically handicapped—and in this case I do not think that accountability is the only thing that should be considered.

In my amendment I suggest the wording:

"so severely handicapped physically or mentally as to render them incapable of earning a living".

We have to take that into account. People can be so poor that they have to obtain additional help, and they know that what they are left with is simply pocket money for buying soap, toothpaste and so on. They cannot really afford anything else. I am referring now to the physically handicapped who are being left to the

rebate system. I think we should be grateful because as I understand it we shall be given more information about this matter when we come to Clause 24, which deals with rebates. But the Minister said that in respect of certain of the physically handicapped it will be possible for them to receive rebates of up to 100 per cent. I hope that he will correct me if I am wrong but I understood that a rebate of 100 per cent. was possible for the severely physically handicapped. I shall be glad to give way to enable him to confirm that, or not.

Lord Glenarthur: Yes, my Lords, that was very much the burden of my remarks. I am glad to make that clear.

Lord Ross of Marnock: My Lords, I hope that it is not confined to certain hospitals that are registered and the like. I hope the Minister appreciates what another part of the Scottish Office is doing. At the moment the noble Baroness, Lady Carnegy, is busy with matters about which I shall have something to say next Thursday—if there is a next Thursday in parliamentary time—in relation to changes made in establishments that are registered under the Acts mentioned by my noble friend: namely, the Social Work Act and the Nursing Home Act. Has he looked at that matter and the effect there may well be on the proposed changes?

On the whole I think we have to welcome this measure. Once again it will depend on regulations. That is the trouble. I am very glad to hear the noble Lord, Lord Allen, say that this measure would not, if it dealt with England and Wales, be looked upon with favour unless it were in a Bill. But this Bill affects only Scotland so it does not really matter. We have been faced with this situation right through from Clause 2; there are 78 items.

Of course this is what the Government set out to do. The Bill is just a skeleton, enabling Bill. The Government have said that there would be a lot of work for the registrar to do. Is then the registrar the least busy man in the whole of Scotland? Let us not forget that the registrar is also the electoral registration officer. Within a few weeks he will be the busiest man in Scotland and certainly he will not be looking at this Bill for over a month. He will be dealing with demands to be put on the register and queries about why people were not put on the register, the rights they have to vote and so on.

This Bill is very tightly drawn and much depends upon it. We have complained about the prescriptions that it contains and what will be settled in relation to a number of issues. The registrar is the kingpin who will draw up the register, but he will not be able to pay any attention to it at all for at least a month. We thought that the timetable was too tight but people said that the Government would be able to meet it. If the registrar is concerned with a general election that will be more difficult than ever. However, that is by the way.

The question arises of when we shall see the regulations and when we shall see the amendment. The noble Lord, Lord Henderson, suggested that it would be before Third Reading. I hope that we shall see the amendment by Tuesday of next week before we come to debate the rebate system as a whole. It should

[LORD GLENARTHUR.]

was illustrated in Great Britain in the technical annex to the social security White Paper. On the assumption of a minimum contribution of 20 per cent., it showed that the majority of people on income support will not experience any overall reduction in their disposable income after meeting the minimum contribution to their rates.

Abolition of Domestic Rates

Of course there will be gainers and losers. I suggest that is bound to be the case in any wide-ranging reforms. But the fact that the overall position is as I have described it, with the majority experiencing no overall reduction in their disposable income must, I suggest, temper the force of the argument that explicit provisions need to be written in, addressing specifically the question of the minimum contribution.

The noble Lady, Lady Saltoun, referred to the press notice on how the rebate system will work.

Lord Mackie of Benshie: My Lords, before the noble Lord turns to that point, I think he said that paying the minimum contribution of 20 per cent. for people on income support would have no effect on their overall disposable income. Is that what he said?

Lord Glenarthur: My Lords, that is what I said when I quoted the technical annex to the social security White Paper. But if the noble Lord will bear with me for a minute, I shall return to the theme shortly. Before I do so, I pick up a point made by the noble Lady when she referred, for example, to a couple who are unemployed with two children under 11. They are quoted in the document, and the noble Lady asked what would be the case if the children were over 11. If they were over 11, we should have to add £5 a head, which is £10 in total, so the income support level rises from the illustrative figure in the table attached to that press notice to £83.95.

However, further than that, my noble friend Lord Campbell of Alloway, concerned as I understand him to be about the governing principles being lacking in this case, appeared to be suggesting that the additions to income support should vary region by region and not on average, as proposed by the noble Baroness, Lady Seear. A hugely complex administrative machinery would be necessary to try to do this in the way my noble friend proposes. I hope that he will accept from me that, while I can understand the point he is making, the practical feasibility would be such as to make it virtually unworkable.

I also emphasise that the figures available so far have all been illustrative and that until the rates of income support are set this autumn, it is premature to draw absolutely firm conclusions about who may or may not be worse off. Much will happen between now and then which will need to be taken into account and which will influence the factors affecting the setting of the income support rates. One of those factors will be that many people will for the first time be making a contribution towards their rates. In setting income support levels we shall take into account the impact of this on the most vulnerable groups.

I cannot make a detailed commitment now, but I hope that your Lordships will find what I have been able to say about the position of vulnerable groups to be a positive response to the concern which I think

underlies all these amendments. For the reasons I have explained, therefore, and with the assurance which I have given about vulnerable groups, which I think very much helps both my noble friend Lord Campbell and indeed the noble Lady, Lady Saltoun, I believe that a specific amendment of the kind which the noble Baroness has put down is not necessary or desirable. I hope with that explanation that she will feel able to withdraw her amendment.

Lord Sanderson of Bowden: My Lords, I have been most interested in hearing what my noble friend has said. Let us cut out most of his speech and concentrate, if I hear him right, on the suggestion that in setting income support levels the Government will take into account the impact on the most vulnerable groups. I had a letter today, as I expect many noble Lords did, from the Social Security Consortium, which said that the noble Baroness's amendments did not contradict the position of paying the 20 per cent., but then there should be compensation for such payment through income support levels. I think what we have heard from the Government today through my noble friend must mean just that. I should be very disappointed if the most disadvantaged people in the community, as I said at Second Reading, should be in any way put in a position where they have no money and are not able to pay. So this may well be the let-out for us on a most important part of this legislation.

Baroness Carnegy of Lour: My Lords, I too listened with great care to what the Minister said. It was difficult to take in precisely his phraseology and I would be glad if he could confirm that he said what the noble Lord, Lord Sanderson, suggested.

On the amendment of the noble Baroness, Lady Seear, No. 188AAA, I feel that although in principle clearly she is trying to do something very similar, this approach would not work out quite right because the level of the community charge which will be set in individual regions will be uneven—and it will not only be in individual regions but, as we know, for example, by looking at Strathclyde and Lothian regions, very different in different districts of Scotland. It will vary enormously.

So if a person was getting an amount not less than the average of the community charge over the whole of Scotland, some people would be getting considerably more than they had to pay and others considerably less. Although it would probably be impossible to be totally fair to everybody—it always is—that seems to me to be building into the Bill an unfairness and a discrepancy which are not necessary. I hope very much that the noble Baroness will not press the amendment on those grounds if on no other.

Baroness Seear: My Lords, I listened with very great interest to what the Minister said and also to what the noble Lord, Lord Campbell of Alloway, and the noble Lady, Lady Saltoun. This amendment is a compromise; it is not what we would wish if we could have our own way. I fully accept that it would be much more desirable if the system could be regionally based Brig for the reasons which Baroness Carnegy gave.

As the Minister said, one was aware that that would Carte be immensely complicated and in a very imperfect Bill Chity

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Bos Bot Cara [LADY SALTOUN OF ABERNETHY.]

The noble Lord, Lord Glenarthur, said in col. 55 of Hansard for the Report stage on 5th May, in response to an amendment spoken to by the noble Lord, Lord Campbell of Alloway, and myself, that in setting the levels of income support the position of the most vulnerable groups in our society would be taken into account. If I am not very much mistaken, he has repeated that assurance several times already this affernoon. I accept the noble Lord's assurance.

When the levels of income support for the year 1989-90 come to be set by affirmative instrument, as I understand they will be, I shall scrutinise them very carefully to make sure that that has indeed been done, as I have no doubt will others of your Lordships. If I am not satisfied as to the ability of persons on low income support to pay their community charge—that part of it which is not rebated—without genuine hardship, I shall vote against the regulations as no doubt will many others of your Lordships, and that is the way that I think we should proceed. For those reasons I most certainly cannot support an amendment which is, as I say, in spirit the same as one which was defeated at Committee stage.

Lord Campbell of Alloway: My Lords, I am delighted that I gave way to the noble Lady, Lady Saltoun, and I am sorry that I did not give way earlier. I did not see her rise, and perhaps she will accept my apology. I should have wished to say everything that she said, and it was said very much better.

It now really comes down to this very short point. My noble friend the Minister has given an undertaking about vulnerable groups and those unable to pay. As your Lordships know, before he gave that undertaking I was contending for 100 per cent. rebate. But when I heard the undertaking I accepted it. I understood that my noble friend the Minister was then not in a position—he was totally frank with the House; I have read *Hansard* carefully, too—to go further than he did then. But for my part I accept his assurance and I would not be able to support this amendment.

Lord Kirkhill: My Lords, at an earlier stage of the Bill the noble Lord, Lord Campbell of Alloway, remarked—I paraphrase his words—that Clause 24 was the very heart of the Bill. He certainly used a phrase of that type. I wholeheartedly concur with that view. Of course the noble Lord has subsequently explained to us that he accepted the Minister's assurances as they relate to regulations about vulnerable groups. I really think that the Government have shown a marked lack of compassion and humanity at the very point of true social concern. They should be condemned for this and for weasel words.

Lord Glenarthur: My Lords, as the noble Lord, Lord Ross, has said, his amendment is intended to probe the effect of the statement I made on 5th May during Report stage, when at col. 55 of Hansard I said that the Government recognise that our proposals for a minimum contribution towards local taxation mean that many people will be for the first time making a contribution towards their rates. I gave the assurance that in setting income support levels—as my noble

friend Lord Campbell of Alloway has suggested—we shall take into account the impact of this on the most vulnerable groups.

Let me make clear at the outset that the Government remain committed to the essential philosophy of having a minimum contribution. Quite simply, far too many people make no contribution at all towards the cost of the local services that they enjoy and this leads to the question of accountability, or lack of it, which we have addressed on many occasions. As the noble Lady, Lady Saltoun, suggested, it really is premature to press for a detailed definition of what vulnerable groups will ultimately be.

The setting of income support levels, which is what my assurances referred to, will not take place until the autumn and careful consideration will be required to enable us to decide those for whom this extra protection is appropriate. It is not the kind of thing that can be decided in the course of a day or two. Our decisions will be a feature of the regulations to be made under Part II of the Social Security Act 1986 in respect of income support. The first such regulations—those to be brought forward this year—will be subject to the affirmative resolution procedure.

We have discussed the whole question of rebates on a number of occasions. The explanations I have given of the Government's original intentions, as set out in the detailed press handout which has been made available to your Lordships either personally or in the Library, coupled with the subsequent assurances and explanations that I have given, indicate the fundamental fairness of the Government's approach.

For the reasons that I have given, I believe that the amendment cannot be accepted. I hope that in the light of the explanation that I have given as to why it will take longer to assess precisely who will be encompassed within the "vulnerable groups", the noble Lord will feel able to withdraw the amendment.

Lord Ross of Marnock: My Lords, I wish that we had been advanced by that explanation but, as I understood it, the Minister said that there would be no 100 per cent. rebate. He held by the fact that everyone should make a contribution. That means that the poorest of the poor namely, the "vulnerable groups" will make a contribution.

The Minister cannot tell me that the poorest of the poor are not vulnerable. They are very vulnerable indeed to any additional expenses put upon them. I wish to make it clear that I, too, shall be scrutinising the regulations. If they do not go beyond the 80 per cent. rebate that has already been mentioned, the Minister will be in trouble.

Let us not forget that when we debated the then Social Security Bill in this House on 23rd June 1986, the House voted to accept an amendment which was designed to safeguard 100 per cent. rebates. At the present time there are about 56,000 old-age pensioners in Glasgow who receive 100 per cent. rebates on rent and rates. That 100 per cent. will disappear on 1988. The position of those pensioners will be even worse in 1989 as regards the liability of husband and wife for the personal community charge. Surely to goodness, if the words of the Minister in

