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PRIME MINISTER

## MINIMUM CONTRIBUTION TO DOMESTIC RATES

At today's meeting of E(LF) we agreed that I should consider further with John MacGregor how the decision to compensate low income families paying a minimum contribution to domestic rates should be announced. I propose to make the announcement in the form of an arranged PQ on Friday, and I attach a form of words I have agreed with John MacGregor and Michael Ancram.

Subject to your views and those of Nicholas Ridley, we propose to take this opportunity to announce also that the minimum contribution to domestic rates will be 20 per cent, though Michael Ancram suggested that you may wish to announce this in your Perth speech on Friday. In the PQ on Friday

Surely  
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I will be discussing further with John MacGregor the line we are to take in public on the cost.

Subject to your views on how to handle the announcement of the 20 per cent minimum contribution, I will be grateful for your confirmation to proceed on this basis. Yes not

I am copying this minute to John MacGregor, Nicholas Ridley, Nicholas Edwards and Malcolm Rifkind.

*Bruce Calderwood*

13 May 1987

PP N F

(Approved by the Secretary of State  
and signed in his absence)

## DRAFT PQ AND REPLY ON HOUSING BENEFIT

To ask the Secretary of State for Social Services, if he will publish details of the 1988 housing benefit reforms and if he can confirm that the proposed minimum contribution to domestic rates will be taken into account in setting benefit rates.

MR NORMAN FOWLER

As explained in the previous reply to the hon Member for Brentwood and Ongar (PQ 3986/1986/87 Han Ref Vol 114 Col 596), the regulations for the 1988 housing benefit reforms will be laid before Parliament when the Government's proposals on benefit rates are finalised in the Autumn.

Revised draft regulations on the detailed structure of the new scheme will be issued to all local authorities on Monday 18 May following consultation on the earlier drafts. These regulations set out firm proposals on the detailed structure required for local authorities to prepare for implementation of the scheme in April 1988. Copies of the draft regulations will be placed in the Library.

When the rates for income support are set in the Autumn, they will include the average amount that we expect householders who are income support claimants to have to meet as their minimum contribution to domestic rates. The details will be determined at the time the benefit rates are decided. This will mean that income support claimants will receive compensation in April 1988 in their benefit entitlement, whilst at the same time preserving the vital principle of local accountability. This compensation will also be reflected in the rates that will determine help for others on low incomes receiving housing benefit and family credit, thus providing protection for those who need it.

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Please add 4% for maximum rates