

CCB 5



DEPARTMENT OF HEALTH AND SOCIAL SECURITY
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From the Secretary of State for Social Services

The Rt Hon Nicholas Ridley MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
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6 July 1987

1. OBA!
 2. NBN

Ron Nicholas

COMMUNITY CHARGE: TRANSITIONAL ARRANGEMENTS

ATTACHED

Following the conclusions reached by E(LF) on 2 July, I am writing to set out the areas of my Departmental responsibility which need now to be taken into account in the more detailed consideration of the transition to the community charge which the Committee agreed.

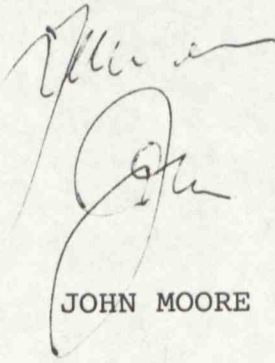
First, in assessing the period of transition to the community charge, we do need to reassess carefully the impact of the proposal on individuals. When we agreed last autumn to have a community charge rebate scheme, we were looking ahead ten years with a long transition and safety-netting to help control its impact. We then decided, just before the Election, to help the poorest people on benefits to meet their 20 per cent contributions to domestic rates next April. The decision was taken to increase income support rates by their average 20 per cent liability (about £1.30 a week) and we expect this principle to be carried forward to the community charge in due course. We now need to update last year's exemplifications of the impact on individuals and households, based on the most recent data and taking account both of the decision to compensate for the average minimum contribution and of the community charge levels implied by your current proposals.

Second, we need to assess the potential impact of the proposal on the revenue of local authorities and their provision of essential services. Sudden, unplanned reductions in spending could have unwelcome consequences for service provision, for example in the personal social services. Clearly, a key component in this is the mechanism for assessing local authorities' spending needs on which we have not yet seen your proposals.

F.R.

Third, we need to assess the effect of your proposal on Government expenditure. The levels at which community charges are to be met will determine the level of local authority expenditure on community charge rebates, which will in turn determine the level of expenditure by my Department on housing benefit minimum contributions which will also affect benefit levels and my Department's expenditure.

I am copying this letter to members of E(LF) and to Sir Robert Armstrong.



JOHN MOORE

