

cc BG.



Treasury Chambers, Parliament Street, SW1P 3AG

Nicholas Scott Esq MP
 Minister of State for Social Security and the Disabled
 Department of Health and Social Security
 Alexander Fleming House
 Elephant & Castle
 LONDON
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15 December 1987

NBN.

Dear Minister,

WILL REQUEST IF REQUIRED

Thank you for sending me a copy of your letter of 1 December to Nicholas Ridley. I have also seen Nick's reply.

I am broadly content with the proposed statement and agree with your view on the desirability of sticking to the principles of compensation for the 20% contribution at this stage. Unlike Nick, I do not see the advantage of volunteering figures which will simply give our critics ammunition. The figures will be based on 1987-88 prices and local authority spending levels and will inevitably change. The result will be more pressure for further expensive concessions.

I would be grateful if you could make two additions to the statement. First, we need to say that the amounts to be included in the income support rates in April 1989 will be uprated thereafter as part of the general uprating of benefit levels, a point explicitly agreed by E(LF). Secondly, we need to make clear that non-dependent deductions will continue to be made in assessing entitlement to rate rebates. This balances the point, which I accept, that there should be no non-dependent deductions within the community charge rebate scheme.

On a drafting point, it is of course only full-time students who we have so far decided should be not eligible for rebates since they are exempt from a proportion of their liability. The reference to "people such as" gives the impression of there being a wider group.

I am copying this letter to the Prime Minister, other E(LF) members and Sir Robert Armstrong.

Yours sincerely,

John Major

PP JOHN MAJOR
 (Approved by the Chief Secretary)

