



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for Social Services

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COMMUNITY CHARGE: DISCLOSURE OF INFORMATION AND DIRECT DEDUCTIONS

Your letter of 25 January to Nicholas Ridley asked for quantifications of the extra administrative costs of the two proposals set out in his memorandum.

We estimate the extra cost to DHSS of passing to local authorities details of claimants as their income support claims are assessed as approximately £2.5m a year. This applies whether this information is disclosed automatically or not.

There would also be an additional cost for the one off exercise of passing information to local authorities on existing claimants. If this information were to be passed automatically, without reference to the claimant, the cost would be around £0.8 million. If every claimant were to be contacted in advance to secure consent to pass the information, the costs would be higher (£1.9 million). Even if there is no exercise to pass information on existing claimants to local authorities there will be administrative costs for DHSS in handling the individual requests for information as the claimants subsequently claim rebates on their charge. Work is still continuing to establish these costs which will be available shortly.

The annual cost of direct deduction of community charge from benefit would be far greater. If direct deduction was required in 5% of cases, we estimate the administrative cost at £6.6 million per year.

I must emphasise that these figures are preliminary estimates, and subject to development of detailed procedures. They do not include the additional administrative cost to local authorities.

I am copying this letter to the Prime Minister, members of E(LF) and to Sir Robin Butler.

JOHN MOORE

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