

PRIME MINISTER

COMMUNITY CHARGE: ATTACHMENT OF BENEFIT

E(LF) on 4 February discussed arrangements for the closure of income support records and the attachment of benefit. The issue of disclosure of records has now been settled in correspondence. But differences continue on the second issue of attachment of benefit.

The key question is whether attachment should be achieved by direct deductions from benefit or by obtaining an attachment order from the Courts. The formal minutes of E(LF) (Flag A) leave the position reasonably open, although my recollection is that you summed up with a fairly strong steer towards the court order option. Mr. Ridley (letter of 11 March at Flag B) continues to argue for direct deductions from benefit. Mr. Moore (letter of 14 March - Flag C) argues for the attachment order route.

Both the protagonists seem to hold their view quite strongly, but would I think accept a ruling from you.

Would you prefer to go down the direct deduction or court order route?

I think that attachment of earnings has to be done by court order does it not.

PRCG.

If so - deductions from benefit should follow the same route. The point was that earnings should be on all forms. not

(PAUL GRAY)
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ensure that confidential information remained private. The Secretary of State for the Environment, in consultation with the Secretary of State for Social Services should prepare the necessary provisions.

The Sub-Committee -

1. Took note, with approval, of the Prime Minister's summing up of their discussion, and invited the Secretary of State for the Environment to be guided accordingly.

b. Direct deductions from benefit

THE SECRETARY OF STATE FOR THE ENVIRONMENT, said that there were potential problems about the recovery of money from income support claimants who fell into arrears with the community charge. Distress against such possessions as the person owned was likely to cause even greater hardship, and might not be successful in any case. He therefore proposed that there should be provisions for direct deductions to be made from DHSS benefits to recover arrears. Such provisions would parallel existing powers in the Local Government Finance Bill for attachment of the earnings of those in employment.

In discussion the following main points were made -

a. Direct deductions from benefit had substantial disadvantages. They were expensive to administer, and they detracted from the principle of the new income support system that claimants should be expected to manage their own financial affairs. Direct deductions had therefore been restricted to a very few cases where they were essential to protect the well-being of the claimant, eg rent and fuel arrears. They would also be available for repayments to the social fund, a major and important new development of the social security system. A study was currently in progress to see if it was possible to extend direct deduction to fines, which would avoid the damaging and expensive alternative of sending defaulters to prison. To add the community charge to this list would overload the direct deductions system. Direct deductions were in any case restricted to a maximum of £5.10 per week.

b. It was also important to consider how direct deductions might influence the behaviour of claimants. They might well be advised not to pay the community charge at all, since the worst that could happen would be direct deductions from their benefit after a substantial delay.

c. On the other hand, specific amounts were to be added to income support rates to compensate claimants for the average liability to the minimum 20 per cent liability to the community charge. It would be wholly unacceptable to ignore this, and to allow claimants to use the money for other purposes. People in employment, some of whom might be not much better off than income support claimants, could have their earnings attached, and there should be parallel provisions for those living on benefits.

d. It would be right in deciding the maximum level of direct deductions for community charge arrears to take account of the fact that income support rates were being increased to cover the new 20 per cent liability. Some addition to the current £5.10 per week limit on deductions would be appropriate for this purpose.

THE PRIME MINISTER, summing up this part of the discussion, said that there were strong arguments in favour of some system of deductions from DHSS benefits. First, income support rates were being increased specifically to cover the average amount of the new 20 per cent minimum contribution to the community charge. Second, people in employment, some of whom might be earning little more than income support claimants received, could have their earnings attached. The Environment Secretary, in consultation with the Social Services Secretary, should therefore prepare provisions for a scheme to enable the attachment of benefit, which was broadly comparable with that for the attachment of earnings. It would be appropriate in determining the maximum amount that might be attached or deducted from benefit to take account of the fact that income support rates had been increased to recognise liability to the community charge. The present limit of £5.10 per week on total direct deductions did not take account of this factor and a higher limit which reflected the increase in income support rates would be appropriate for the purpose of recovering community charge arrears.

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The Sub-Committee -

2. Took note, with approval, of the Prime Minister's summing up of their discussion and invited the Environment Secretary to be guided accordingly.

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