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CEB

## 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  
 SW1P 3EB

14 April 1988

Prime Minister<sup>2</sup>

Amplifier  
 Mr. Moore's  
 connection  
 Cabinet.

Dear Mr Ridley

A very unhelpful  
 letter  
 not

REC  
 14/4

## COMMUNITY CHARGE REBATES

I have seen Roger Bright's letter of 13 April to Paul Gray. I do recognise the political problem presented by the Michael Mates amendment, and the need for a quick response attractive to our supporters. Equally, colleagues should be aware of the implications of your proposals.

First, it will do nothing for those on low incomes with capital over £6,000 - precisely the group causing so much concern to our supporters at the present because of their losses under the new social security scheme. We are bound to be asked why we can move on the taper but not on the capital limit.

Second, a major plank of our defence of the reforms has been the need to reduce dependency. Your proposal - with a substantial increase in the number receiving means tested benefits - runs directly counter to this.

I must also point out that the proposal would have indirect consequences for public expenditure - both administration and benefit - as well as the direct cost in additional rebates. It is, I hope, understood that I would not be expected to meet any of these costs from within my own programme.

Subject to these points, I would be willing to go along with your proposal. It is worth adding one further point. If we can kill the Mates amendment in this way, it will be politically vital to be able to demonstrate that the poorest have been adequately protected

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against the costs of the community charge. This means that the level of compensation built into the income support rates for the 20 per cent contribution to the charge will be closely scrutinised, and that we will face serious political problems if it is not at a realistic level. I will write to you further on this point in due course.

Copies to the Prime Minister, the Chancellor, the Chief Secretary, the Lord President, the Chief Whip, and the Secretaries of State for Scotland and Wales.

Yours sincerely

R.D. Clark

PP

JOHN MOORE

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