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*cc PLE**nbpm*

Treasury Chambers, Parliament Street, SW1P 3AG

Nicholas Scott Esq MP
Minister of State
Department of Social Security
Richmond House
79 Whitehall
London
SW1A 2NS

23 August 1988

*Dear Minister,***COMMUNITY CHARGE: ATTACHMENT OF BENEFIT**

Thank you for sending me a copy of your letter of 9 August to Nicholas Ridley.

In general, I think it important that the whole scheme of direct deductions, including those for the community charge, be operated sensitively so as not to cause unacceptable hardship for claimants.

I agree that it seems more sensible that responsibility for making all regulations dealing with direct deductions should rest with your Department, and that the maximum level of deduction should be set at the equivalent of 5 per cent of the personal allowance in Income Support.

I also agree that powers should be taken to cease making deductions if unacceptable consequences would arise for the claimant, and that it would clearly be counterproductive if costs of obtaining a liability order which fell on a claimant were disproportionately high relative to the arrears involved.

On administration costs, Nicholas Ridley will have to bid for the appropriate amounts, which will then be transferred to your Department's programme. But your estimate for administration costs of £6.5 million per year seems rather

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high. The average 20 per cent contribution will only be about £50. So if about 250,000 Income Support cases required deductions, the total amount collected per year might only be about £15-20 million, even allowing for some of the arrears being in respect of couples. Clearly our officials will have to examine the figures in detail.

I am copying this letter to other members of E(LF) and Malcolm Rifkind.

Yours sincerely,

P. Wailes

PP JOHN MAJOR

[Approved by the Chief Secretary
and signed in his absence.]

