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CONFIDENTIAL

Nicholas Scott Esq
Minister of State for Social Security
and the Disabled
Department of Social Security
Richmond House
79 Whitehall
LONDON
SW1A2 2NS

9 September 1988

Dear Nicholas,

COMMUNITY CHARGE: ATTACHMENT OF BENEFIT

Thank you for copying to me your letter of 9 August to Nicholas Ridley. I agree with your basic proposal, that the regulations setting out the rules for attachment of benefit should be made by your Department and should be free-standing. There are separate provisions for Scotland incorporated by the Local Government Finance Act 1988 in our Abolition of Domestic Rates Etc (Scotland) Act 1987, and it is essential that the arrangements for attachment of benefit in Scotland in accordance with these provisions should be fully in operation by 1 April 1989. The regulations will in fact have to be made some time in advance of that so that your offices and local authorities can work out their procedures.

Your letter proposes an upper limit for the amount which may be deducted in any week, of 5% of the personal rate for a person aged 25 or over. That seems a reasonable figure for a single person, since it would enable the level of arrears likely to have built up before local authorities are able to obtain attachment of benefit to be paid off over a reasonable period of time. I do not understand, however, why you propose that the same weekly sum should apply for couples. Where both members of a couple are in arrears, as is presumably likely to be the normal case, the weekly deduction you are proposing would mean that it could easily take in excess of a year to pay off the sort of accumulated arrears we are likely to be talking about. I suggest that your figure of 5% should be applied to the couple's rate in this case.

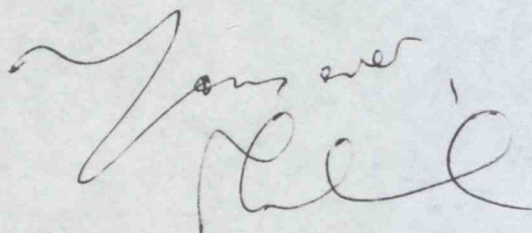
I have no comments at this stage on the various operational points you have made but I hope there will be an opportunity for my officials to be fully involved in discussions of these matters before the regulations are finalised, and that there will be suitable consultations with local authorities.

Finally, I turn to your proposal that there should be a PES transfer in respect of the administrative costs of operating direct deductions. I am

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surprised that you are raising now, for the first time, an issue which John Moore did not, as you suggest, refer to in his letter of 29 February. What he did say was that he would need additional running cost provision and that your department were currently looking at your estimates in the light of these decisions and that the requirements would be included in the Public Expenditure Survey. The only reasonable inference from this is statement following so closely on and in the light of what was agreed collectively on 4 February that he would (if necessary) make a bid for a running cost increase. Neither your nor Treasury officials have initiated any discussions with my Department on your new proposition. In any case I cannot as a matter of principle see why the cost of administering this aspect of the arrangements which your Department makes to help its clients meet their debts should be paid for by the Environment Departments. As John Major and you point out, the decision to attach benefit in this case is in furtherance of a collective decision that defaulting income support recipients should be treated in the same way as persons at work and that direct deductions in respect of community charge are no different in principle from a range of other deductions you make for such things as rates, rent and fuel. There is quite properly no PES transfer for these. I do not, therefore, consider it necessary or appropriate for me to make a PES bid for this element.

I am copying this letter to Nicholas Ridley and other Members of E(LF).

A handwritten signature in cursive script, appearing to read 'Malcolm Rifkind', written in dark ink.

MALCOLM RIFKIND