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*NBPM at this stage.*

*REC 6  
19/10*

19 October 1988

*Dear Nick*

COMMUNITY CHARGE: DEDUCTIONS FROM BENEFIT

Thank you for your letter of 2 October <sup>*with PG*</sup> about deductions from income support to pay off arrears of community charge. I have also seen the letters from John Major and Malcolm Rifkind on this subject.

I am prepared to accept that the regulations on deductions and disclosure should be made by DSS. There is, however, a very tight schedule for the implementation of the community charge, and I hope that your Department will be able to make the regulations, which form an integral part of the information and enforcement provisions, on the same timetable as the main regulations dealing with those subjects. We intend to start formal consultation on drafts of those regulations this month.

So far as deductions from income support are concerned, the issue of priority is central, since people on benefit who are in arrears with their community charge are likely to be in difficulties with other debts. I continue to believe that community charge arrears should have a high priority, since the ultimate penalty is imprisonment. It is not true, as you state in your letter, that the courts may imprison a person only for wilful refusal to pay. They may also do so if they are of the opinion that the failure to pay is due to culpable neglect. It is quite possible that the courts will decide that someone with multiple debt problems has failed to pay the community charge because of culpable neglect. I think you need to think again on this point.

You question the need to allow deductions to be made in respect of current liabilities on the grounds that, since the whole of the charge for a financial year will become due on the missing of an instalment, the payment of arrears will automatically take



care of current liabilities. Again, this is a misunderstanding of the community charge system. There will certainly be some cases where the deductions have not cleared the debt by the end of a financial year when instalments for the next year's charge became due. I think we do need a provision which will allow extra deductions in respect of current liabilities, if there is sufficient benefit, in addition to the existing deductions.

I agree with Malcolm that there should be a special rate for couples. I do not understand your point about manpower and computerisation. I should have thought that computers would make it easier to deal with this kind of case. I understand that it is possible for fuel debts to be recovered at a maximum rate of 10% of the personal allowance for a single person 25 or over (that is twice the amount we are currently proposing for the community charge). If this particular kind of debt can be separately identified and given special treatment the same ought to be possible in the case of couples. The community charge does, of course, resemble fuel charges, in that it is a charge for services provided, not a housing cost.

While, therefore, I am content that you should begin to draft the regulations with a view to making them separately, there remain a number of points to be resolved. Your officials will need to consult mine to make sure that what you are proposing fits in with other aspects of the community charge system.

I am sending a copy of this letter to John Major, Malcolm Rifkind, other members of E(LF) and to Sir Robin Butler.

*John Major*  
*Nicholas Ridley*

NICHOLAS RIDLEY

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