

cc CF file

Mr. Gray

Mr. Lindsay

Non needed. 1 year.

R26 8/12

cc Mr Langdon

It looks as though we should

F 0394

continue to let this take its course.

MR WILSON

AJ. 8/12

COMMUNITY CHARGE: DEDUCTIONS FROM BENEFIT

You asked me to find out what was happening on this subject, and what the Treasury's views were.

2. I understand that Mr Gummer has recently replied to Mr Scott's letter of 8 November (not copied to Sir Robin Butler, but now on its way to us!), proposing that they meet to resolve the outstanding issues. DSS expect Mr Scott to agree.
3. DOE have now dropped one of their three points (on deductions to cover current community charge liabilities as well as arrears). There are therefore two issues outstanding:

- i. whether the maximum deduction for couples should be set higher than the £1.70 which is proposed for single people;
- ii. whether the community charge should take priority over other deductions in cases where benefit is too low to encompass them all (this applies only where a tenant is on the taper, and therefore not getting the full rate of income support).

The expectation is that Mr Scott may give way on the first point (on which Mr Rifkind recently supported DOE) and Mr Gummer may drop the second.

3. I have spoken to the Treasury (Paul MacIntyre). They appear to have little interest in this issue: there are no significant PES implications. The Chief Secretary was prepared to accept Mr Scott's earlier proposal on a flat rate deduction for single people and couples. But the Treasury do not think that he would object to the tougher alternative being proposed by DOE and the Scottish Office.
4. Since the two Ministers are now expected to meet shortly I do not see any need for No 10 to minute, or ask the Chief Secretary to arbitrate. I have told DOE and DSS that the Prime Minister is likely to be very reluctant to chair a meeting on this subject, and that they would be well advised to resolve it as quickly as possible.

Andrew Wells

ANDREW WELLS

7 December 1988