



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for Social ~~Services~~ Security

CONFIDENTIAL

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
London
SW1P 3AG

*MBP will send
this respd.*

RCB

15 May 1989

16/5

Dear John,

COMMUNITY CHARGE CAPPING IN SCOTLAND

Thank you for copying to me your ^{at Her} letter to Malcolm Rifkind of 3 May.

Any reduction in the community charge levels set by Scottish local authorities following the introduction of capping would, of course, lead to consequential reductions in Community Charge Rebate entitlement of everyone who had claimed from those authorities, and this in turn would reduce this Department's expenditure on Community Charge Rebate Subsidy to a level closer to our forecast. The Community Charge Rebate Regulations already provide for the recalculation of rebate entitlement in such circumstances, but the recalculation would increase both the workload and the administrative expenditure of Scottish authorities at a time when they are already hard pressed. I do not anticipate any difficulty in resisting the pressure we could expect for increased administrative subsidy, but it would undoubtedly add to the controversy you envisage.

Any measure that would help to contain Community Charge levels in England and Wales is to be welcomed, both because it would contain expenditure on rebates, and also because it would reduce the instances where the 20% minimum Community Charge payment was in excess of the help we have provided in Income Support.

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

John Moore

JOHN MOORE

Local Comm. Rates
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