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The Rt Hon Norman Lamont MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
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8/9

7 September 1989

Dear Norma

NEW FINANCIAL REGIME FOR LOCAL AUTHORITIES: RENT REBATE SUBSIDY

WILL REQUEST (ARGUMENTS)

In your letter of ~~21~~ August to Nicholas Scott, in which you have agreed to a 100% subsidy for rent rebates in England and Wales, I note that you wish to look again in this year's survey at a general reduction in subsidy in respect of rent rebates in Scotland, rent allowances and community charge rebates with effect from April 1991.

While I am content that this matter should be reviewed, I felt I should let you know of my misgivings about this. When the matter was last raised Malcolm wrote to John Major and pointed out that the main effect of any reduction in subsidy would be to increase the community charge in Scotland by around £3-£4 per charge payer. That remains true now. Your proposal therefore seems somewhat counter-productive given the general desire to give the community charge a fair wind throughout GB. Higher community charges do, of course, put further pressure on community charge rebates so detracting from the overall savings you are seeking in the DSS budget.

I hope therefore that the wider effects of any moves to reduce the DSS benefits subsidy will be taken fully into account.

I am copying this letter to Chris Patten, Peter Walker, and to No. 10.

James
James

JAMES DOUGLAS-HAMILTON



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