



DEPARTMENT OF SOCIAL SECURITY
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From the Secretary of State for Social Security

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BHP

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POLICY IN CONFIDENCE

Phillip Ward Esq
 Principal Private Secretary to
 The Rt Hon Chris Patten MP
 Secretary of State for the Environment
 Department of the Environment
 Marsham Street
 London
 SW1

29 October 1990

Dear Phillip

LOCAL GOVERNMENT FINANCE: AUTUMN ANNOUNCEMENT

1. Thank you for the ~~draft~~ ^{*File with BP*} of the announcement your Secretary of State intends to make on Wednesday. Paragraph 18 of this seems to go slightly further than the note of 16 October to the Prime Minister in suggesting that there will not necessarily be any de minimis proviso for capping. While my Secretary of State would not object to the wording at it stands, he does very much hope that the scheme will be operated with a sensible de minimis rule (even if it is not announced). Any in-year change to the community charge must inevitably involve recalculation of the entitlement to Community Charge Benefit for large numbers of claimants, and the resulting administrative effort and delay may well not be justified for a comparatively small reduction in the overall charge.
2. There is also an important point of presentation, of which your Secretary of State should be aware. As he will know, the benefit rates for next year were announced last week, and there have already been questions about the adequacy of the compensation within Income Support for the minimum contribution to the Community Charge. The actual figures are equivalent to annual charges of £385 for single people over 25, and £340 for singles under 25 and for each member of a couple, with an average over all beneficiaries of £358.
3. Our official position is that the adjustment made to the rates in 1989 was once-and-for-all, and that it is not sensible to attempt to identify any particular element within the overall total. It is

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easy enough for the Opposition to calculate the relevant figures, however, and to compare them with any published estimate of charge levels. As you will see, the comparison with the £380 in Mr Patten's draft statement is not particularly favourable. If the point arises, it is important to emphasise that the proper comparison is not with this figure, but with the actual average liability of claimants - that is, with a Great Britain figure, after taking account of transitional relief. Our rough estimate is that the figure for this corresponding to the English CCSS of £380 is perhaps £354, but it could be significantly higher on the estimates of average Community Charge given in Mr Patten's minute. It is clearly important for our Departments to stay in close touch over the presentation of these figures.

4. Copies to the Private Secretaries to members of E(LG), to Juliet Wheldon and to Sonia Phippard.

Yours,

Stuart Lord

STUART LORD
Principal Private Secretary

LOCAL GOVT: RABIS PT20

