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2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon John Moore MP
Department of Health and Social Security
Richmond House
79 Whitehall
LONDON
SW1A 2NS

CH/EXCHEQUER	
REC.	11 MAR 1988
ACTION	CST
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// March 1988

Dear John

COMMUNITY CHARGE: ATTACHMENT OF BENEFIT

The meeting of E(LF) on 4 February agreed that there should be a scheme to enable the attachment of benefit broadly comparable to that for the attachment of earnings for those in arrears with their community charge. The Sub-Committee asked me to prepare such a scheme in consultation with you. I was grateful for your letter of 29 February on the subject.

There are a number of ways in which we could provide for deduction from benefits. The enforcement provisions we envisage for the community charge will involve the local authority in sending a reminder, followed by a summons, followed by an order empowering the local authority to use distress and/or attachment of earnings. We could simply add a third option, the attachment of benefit, with the same court proceedings as are necessary for distress and attachment of earnings. A local authority which obtained such an order could require DHSS in certain circumstances to deduct benefit to a prescribed maximum amount.

I agree with you, however, that this has presentational problems, and is a less flexible approach. It would also increase the workload of the Courts. The alternative would be to build on the existing procedures under which deductions can be made from benefit without the need for court procedures. I understand that it is currently possible for direct payment from benefit to be made to creditors without consent if it is in the interest of the claimant to do so. It seems to me that these precedents are the ones we should be building on.

I propose, therefore, that in implementing the decision of E(LF) we should develop an approach based on the arrangements already used for direct deductions, which do not need a court order. The details of such a scheme are set out in the annex to this letter.

You raise the matter of the maximum amount which can be deducted. I agree entirely that there should be no ring fencing of the uprating. E(LF) has, however, agreed that arrears of community charge should be met by deductions from benefit. This implies



either that community charge arrears should be given priority over the other kinds of debt which can currently be dealt with by direct deduction, or provision made so that when the existing priorities have been covered, an additional deduction can be made in respect of community charge arrears. This latter course, as explained in the annex, would entail an increase in the maximum amount deductible. It seems appropriate that, if we choose this course, the extra amount payable in respect of community charge arrears should be a weekly sum equivalent to 5% of the single person's allowance (£1.70), as is the case with other debts.

Where individuals who are in arrears with their community charge also face deduction from benefit for other purposes I would argue that the community charge should be given a high priority. The importance attached to the community charge is demonstrated by the fact that failure to pay will be punishable by imprisonment, an option not open in the case of other types of debt. I think colleagues would agree that it would be unsatisfactory if the system we adopt meant that community charge arrears could not be dealt with because of other debts.

I am sending a copy of this letter to other members of E(LF), to the Lord Chancellor, and to Sir Robin Butler. I should be grateful for colleagues' comments by 14 March. I should like to announce our intentions fairly soon to avoid the risk of further alarmist stories in the press.

J. M. S. M.
N. Ridley

NICHOLAS RIDLEY

BF 16/3


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REC.	14 MAR 1988 ✓ 14/3
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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

The Rt Hon Nicholas Ridley MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 LONDON
 SW1P 3EB

14 March 1988

Dear Mr Ridley

COMMUNITY CHARGE: ATTACHMENT OF BENEFIT

I note that in your letter of 11 March, you describe the manner in which an attachment of benefits order would be applied. This seems to me to be fully in line with the decision of E(LF) on 4 February and this is the course we should now be pursuing.

E(LF) endorsed my contention that low income individuals who default on their community charge should be treated in a consistent fashion, ie that an attachment order should be considered whether the income consists of earnings or social security benefit. This argument seems to be one which will be easy to defend in that recipients of benefit will not be regarded as second class citizens who require special measures to ensure payment of the charge.

Despite the above, you are now proposing, directly contrary to the decision of E(LF) to introduce attachment of benefit, that a system of direct deductions should be applied to income support recipients. I totally disagree with this suggestion. As I have said before a system of direct deductions would not only be seen as a form of a discrimination against income support recipients but would cause significantly more administrative problems at a time when the repayment of social fund loans will be taxing the resources of my local offices.

I fully agree that the E(LF) decision to consider an attachment of benefits order should be announced as soon as possible to avoid further rumour.

I am sending a copy of this letter to other members of E(LF), to the Lord Chancellor and to Sir Robin Butler.

Yours sincerely
R.D. Clark

for JOHN MOORE
Countersigned by the Secretary of State and signed

Handwritten initials and signatures:
PMP
PMP
PMP

CH/EXCHEQUER	
REC.	18 MAR 1988 ✓ 1/3
ACTION	CST
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<i>From the Private Secretary</i>	



10 DOWNING STREET
LONDON SW1A 2AA

17 March 1988

Dear Roger,

COMMUNITY CHARGE: ATTACHMENT OF BENEFIT

The Prime Minister has seen the recent exchanges between your Secretary of State and the Secretary of State for Social Services following the earlier E(LF) discussion.

The Prime Minister considers that the treatment of community charge payers in work and on benefit should be on all fours. Since the attachment of earnings has to be done by Court Order, she feels that deductions from benefit should follow the same route.

I am copying this letter to the Private Secretaries to members of E(LF), the Lord Chancellor and Trevor Woolley (Cabinet Office).

*Yours,
Paul*

Paul Gray

Roger Bright, Esq.,
Department of the Environment.