

CONFIDENTIAL

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prof

FROM: M GIBSON

Date: 24 November 1987.

Jan
24/11.

1. MR MCINTYRE ✓
2. CHIEF SECRETARY

✓

cc Chancellor

Sir Peter Middleton

Mr Anson

Mr Kemp

Miss Peirson

Mr Hawtin

Mr Potter

Mr Tyrie

Mr Call

I attach a draft brief for the E(LF) meeting on 26 November. It has been agreed with LG division.

M Gibson

M GIBSON

COMMUNITY CHARGE: DISCLOSURE OF INFORMATION AND DIRECT DEDUCTIONS FROM BENEFIT

1. DISCLOSURE

(i) Background

1. DOE propose that DHSS local offices should notify local authorities of all people awarded Income Support. The key objective is to enable local authorities to reduce community charge evasion. Mr Moore has written (23 November) stating his opposition to the proposal in strong terms.

2. Based on previous correspondence (attached), the Welsh Office will also oppose. The Scottish Office supports.

(ii) Issues

a) Confidentiality - DHSS feel that this would be attacked as an infringement of a claimant's civil liberties; those in work are not, for example, going to have information passed automatically by their employers to local authorities. Claimants seem to be singled out unfairly, particularly since DHSS have already agreed to pass on details in cases where the recipient is claiming a community charge rebate (this would just leave those who don't wish to claim a rebate or those such as the mentally ill who have no community charge obligation).

Note: the Social Security Act 1986 contains an express provision which releases the Inland Revenue from strict confidentiality of tax records in making disclosures to DHSS; it would be possible to add a similar clause to the DOE bill, thus making the disclosure subject to Parliamentary approval.

b) Costs - DOE claim that the proposal would add little, since the detail is being passed on in most cases anyway. DHSS disagree, saying they would need to search all their live Income Support cases (about 5 million) and draw up lists. Our view is that the administrative costs should be quantified and met within existing resources (if necessary by transfer from DOE).

c) Presentation - DOE believe the fact that we are giving people compensation for the charge provides a justification for transferring information. The counter argument is that we are giving people compensation so that claimants can meet their bills like others, so why treat them differently just because they might be a bad debt risk.

Conclusion

3. This is essentially a matter of political judgement; do the advantages of having a comprehensive notification procedure outweigh the likely criticism on grounds of confidentiality and unfairness towards the poor? We have some sympathy with Mr Moore on the politics, and are particularly anxious that the administrative costs should be properly quantified and taken into account.

2. DIRECT DEDUCTION

(ii) Background

4. DOE propose that there should be provision for direct deductions to be made from DHSS benefits where claimants are in arrears on their community charge bills.

5. DHSS, Scottish Office and Welsh Office oppose.

(iii) Issues

a) Equal treatment - attachment of earnings for those in employment is a parallel provision, but the analogy is not quite the same; those in work are not in the position of facing other deductions from a subsistence income;

b) Administrative costs - not quantified but DHSS tell us that their administrative costs for direct fuel deductions cost £8 million pa. Likely to be considerable for community charge rebates;

b) Presentation - deductions already exist for maintaining claimants essential services - housing, fuel, and water - and, from next April, the Social Fund. Deductions are subject to an overall limit (15%) set in regulations, and it is not clear how much further leeway exists. Proposal also sits oddly with objective of making claimants manage their own financial affairs. Nor is there provision for such a deduction in respect of rates at the moment.

Conclusion

DOE proposal would be a major innovation. Other categories of debt (particularly Social Fund) seem to have higher priority, bearing in mind need to leave people enough to live on. Proposal would add to presentational difficulties of seeling community charge. Again we have sympathy with the DHSS position on this issue.