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PREM 19/2764

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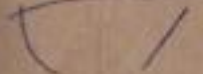

The Community Change.

LOCAL

GOVERNMENT.

Part 1: May 1979.

Part 13: June 1989.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
21.6.89							
30.6.89							
5.7.89							
6.7.89.							
7.7.89							
12.7.89.							
19.7.89.							
28.7.89							
							
Part closed							
							

PREM 19/2764

PART 13 ends:-

M/S Scottish Office to PUSS / DSS 31.7.89
~~LPC to SS/Scotland 28.7.89~~

PART 14 begins:-

MS/ Scottish O/HCE to LPC 1.8.89

Candice Slocock

mentioned this today in the context
of 5 minutes to the PM.

8/8

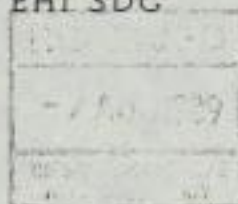
With the Compliments of Stuart Lord

*The Secretary of State
for Social Security*

Richmond House
79 Whitehall
London SW1A 2NS
Tel. No. 01-210 5100



SCOTTISH OFFICE
ST. ANDREW'S HOUSE
EDINBURGH EH1 3DG



div

CONFIDENTIAL
Mrs Gillian Shephard MA JP MP
Parliamentary Under Secretary of State
for Social Security
Department of Social Security
Richmond House
Whitehall
LONDON

31 July 1989

Dear Gillian

COMMUNITY CHARGE REBATES

I have been reviewing a number of aspects of the community charge arrangements in Scotland and one of the areas which is continuing to cause problems is the rule whereby the capital limit of £8,000, about which people are not eligible for a rebate is the same for single people and for couples.

We have received a considerable amount of correspondence about this and it undoubtedly bears hard upon couples who, for example, have set aside some savings for their retirement to supplement their state pension. I appreciate of course that any change would have public expenditure implications particularly since the same arrangement applies in respect of housing benefit. Nevertheless, it is a rule which it is hard to justify in terms of fairness or common sense and I would be grateful for your views as to whether there is any scope for change.

James
James

JAMES DOUGLAS-HAMILTON

cc Mr Lord
Mr Rogers
Miss Dempster
Mrs Bantell
Mr Whippman - to consider in
context of ongoing work for
N° 10 please and to provide
draft reply
Mrs Richards
Mr Hughes
Mrs Brennan
Mrs Butler.

TR 7/8



CEPU
PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

MBAM

Rec

28/7 28 July 1989

Jean Malcolm,

LOCAL GOVERNMENT AND HOUSING BILL:
EXEMPTIONS FROM THE COMMUNITY CHARGE

flat
You wrote to Nicholas Ridley on 19 July seeking his agreement to tabling amendments at Lords Committee Stage extending the present exemption from the Community Charge for persons in respect of whom another person is entitled to child benefit.

I see very considerable difficulties in the Government using this Bill as a vehicle for extending exemptions from the Community Charge. As you are aware we had to deal with several extremely difficult amendments on exemptions during the passage of the 1988 Local Government Finance Act and I would view with very great dismay the prospect of going over this ground once again. I believe that if we were to table an amendment (albeit a non-controversial one) along the lines you propose, the Opposition will assume they have license to table much more far-reaching amendments on this issue. This is something I would obviously wish to avoid at all costs, particularly as the timetable for this Bill is already extremely tight and the number of Government amendments is already on the outer limit of what we can accommodate. In view of this I would ask you to reconsider your proposal to introduce any amendments concerning exemptions.

I am sending a copy of this letter to the members of E(LF) and L Committees.

Yours sincerely
JD

BELSTEAD

The Rt Hon Malcolm Rifkind QC, MP

LOCAL GOVT : Ratny Pt 13



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Minister of State for Social Security and the Disabled

The Rt Hon Malcolm Rifkind QC
 Secretary of State for Scotland
 Scottish Office
 Whitehall
 London SW1A 2AU

cc Bl
NBR
Rec 27/7
27 JUL 1989

Dear Malcolm,

LOCAL GOVERNMENT AND HOUSING BILL: EXEMPTIONS FROM THE COMMUNITY CHARGE

Thank you for copying to us your letter of 19 July to Nicholas Ridley about extending the exemptions from the community charge.

I support your proposal to bring in an amendment to extend the exemption to include 18 year olds who are in care and still at school. This group, as you point out, do not attract Child Benefit, and it was never our intention that they should be liable for the charge. I agree that the amendment should refer to paragraphs 1(b) and 1(c) of Schedule 1 of the Child Benefit Act 1975.

I do not, however, agree that the exemption should be extended to include 18 year olds who are entitled to Severe Disablement Allowance, which has now replaced the non-contributory Invalidity Pension. 18 year olds entitled to SDA are able to claim Income Support even when they are still at school, and they are thus helped with the minimum 20 per cent community charge payment.

Copies of this letter go to members of E(LF) and L Committees.

Yours

Nick.

NICHOLAS SCOTT

Local Govt - Rates Pr 13.



CONFIDENTIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 July 1989

Dear David,

STANDARD COMMUNITY CHARGE IN SCOTLAND

Thank you for your letter of 25 July which the Prime Minister has seen. She is content for your Secretary of State to include his proposals on the standard community charge in today's Statement, on the understanding that these have been fully cleared with colleagues.

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

Yr.
Pd
(PAUL GRAY)

David Crawley, Esq.,
Scottish Office.

CONFIDENTIAL



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

CONFIDENTIAL

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

Princ. Minute
Mr. Rifkind is asking his RSG statement tomorrow. Content for him, subject to clearance from colleagues, to include points (i) to (iv) below on the standard community charge?

25 July 1989

Dear Paul,
STANDARD COMMUNITY CHARGE IN SCOTLAND

As foreshadowed in my letter of 21 July with which I circulated my Secretary of State's draft statement on the revenue support grant in Scotland for 1990/91, I attach a final version of the statement which includes material dealing with the standard community charge in Scotland.

At the meeting of E(LF) on 11 July it was agreed that the Scottish community charge legislation might be amended so that my Secretary of State would have available similar powers to those provided under the Local Government Finance Act 1988 to prescribe different specified classes of properties for the purpose of determining different standard community charge multipliers and to prescribe different maximum multipliers, within the overall maximum of up to 2 which would remain unchanged, for these specific classes. It was agreed also that both the Scottish legislation and the 1988 Act should be amended so that local authorities may be able to determine different classes of property for the purpose of levying different multipliers. Mr Rifkind was asked to settle with the Secretary of State for the Environment, Wales and the Chief Secretary details of a package based on these principles.

Agreement has been reached on the details of the proposals which Mr Rifkind proposes to announce tomorrow. The changes reflect either powers which DOE already have or which they propose to introduce in parallel with changes to our legislation or subsequently. They are:

(i) that the Secretary of State will be taking powers to prescribe certain classes of premises for which I will prescribe a maximum multiplier. My intention would be to use this power in limited circumstances, for example to limit the standard charge liability of an elderly person convalescing away from home with a relative;

(ii) that the Secretary of State will be giving local authorities powers to determine their own classes of premises for which they can set different multipliers. Mr Rifkind proposes to limit this power by prescription to ensure that they cannot, for example, use the power to reintroduce a variable property tax akin to domestic rates;

(iii) that the Secretary of State will be extending the discretion of local authorities to determine multipliers, allowing them to determine multipliers of 0, $\frac{1}{2}$, 1, $1\frac{1}{2}$ or 2; and

Subject to (i) presumably

(iv) that the Secretary of State will be reviewing the boundary between non-domestic rating and the community charge, with the intention of prescribing circumstances in which single units of self-catering holiday accommodation might be subject to non-domestic rates. This would not require primary legislation in Scotland.

I attach a copy of the statement I am proposing to make. I am copying this letter and attachment to the Private Secretaries to members of E(LF) and to Trevor Woolley.

Yours ever,

David

DAVID CRAWLEY
Private Secretary

Enc

LOCAL GOVERNMENT FINANCE (SCOTLAND): STATEMENT

CC Q
Peggs
Pay off
DM
DIC

WITH PERMISSION, MR SPEAKER, I WISH TO MAKE A STATEMENT ABOUT LOCAL GOVERNMENT FINANCE IN SCOTLAND.

FIRST, I WILL ANNOUNCE MY DECISION ON GRANT FOR SCOTTISH LOCAL AUTHORITIES IN RESPECT OF 1990/91. IN REACHING THAT DECISION I HAVE HAD IN MIND THE VIEWS EXPRESSED TO ME BY THE CONVENTION OF SCOTTISH LOCAL AUTHORITIES ON THEIR ESTIMATES OF WHAT THEY REGARD AS REQUIRED SPENDING LEVELS NEXT YEAR. I HAVE ALSO HAD IN MIND THE SUBSTANTIAL INCREASE IN THE PLANNED VOLUME OF SPENDING BY SCOTTISH AUTHORITIES THIS YEAR, AND THE SCOPE THAT UNDOUBTEDLY EXISTS FOR ECONOMIES AND EFFICIENCY IMPROVEMENTS. A FURTHER FACTOR IS MY UNDERTAKING GIVEN SOME TIME AGO THAT - SUBJECT TO PARLIAMENTARY APPROVAL OF THE NECESSARY LEGISLATIVE CHANGES - I WOULD MAKE SUBSTANTIAL INITIAL PROGRESS NEXT YEAR IN REDUCING THE RATE BURDEN ON SCOTTISH BUSINESSES.

WHAT I AM ANNOUNCING TODAY IS THE TOTAL OF AGGREGATE EXCHEQUER GRANT - THAT IS, THE TOTAL OF SPECIFIC GRANTS AND REVENUE SUPPORT GRANT - WHICH WILL BE PAID TO SCOTTISH LOCAL AUTHORITIES FOR 1990-91.

I PROPOSE THAT AGGREGATE EXCHEQUER GRANT FOR 1990-91 SHOULD BE SET AT £2739 MILLION. THIS IS £242 MILLION OR 9.7% HIGHER THAN THE CORRESPONDING FIGURE FOR THIS YEAR. THIS FIGURE, HOWEVER, INCLUDES EXTRA GRANT TO ALLOW BUSINESS RATES TO BE SUBSTANTIALLY REDUCED IN LINE WITH THE GOVERNMENT'S STATED OBJECTIVE OF ELIMINATING THE DIFFERENCE IN NON-DOMESTIC RATES AS BETWEEN SCOTLAND AND ENGLAND.

MY NEW PROPOSALS ON BUSINESS RATES, WHICH I ANNOUNCED ON 8 MAY, HAVE BEEN WIDELY WELCOMED IN SCOTLAND, AND WE LOST NO TIME IN PRESENTING LEGISLATIVE PROPOSALS TO THE HOUSE ON 14 JUNE. I AM HAPPY TO ANNOUNCE TODAY THAT I PROPOSE THAT THE RATE BILL FOR SCOTTISH BUSINESS NEXT YEAR SHOULD BE

REDUCED BELOW WHAT IT WOULD OTHERWISE BE BY THE SUM OF £80 MILLION. THE CBI HAVE ESTIMATED THE EXCESS RATE BURDEN ON SCOTTISH BUSINESS TO BE AROUND £250 MILLION, AND WE WILL THEREFORE BE CLOSING THAT GAP BY ALMOST A THIRD IN A SINGLE YEAR. THIS REPRESENTS VERY SUBSTANTIAL PROGRESS. I KNOW THAT THIS, TOGETHER WITH THE OTHER STEPS THAT ARE BEING TAKEN ON HARMONISATION OF VALUATION PROCEDURES NORTH AND SOUTH OF THE BORDER, WILL BE WARMLY WELCOMED BY SCOTTISH BUSINESS AND BY ALL THOSE FOR WHOM THE PRIVATE SECTOR IN SCOTLAND PROVIDES EMPLOYMENT. LOCAL AUTHORITIES WILL BE COMPENSATED BY INCREASED GRANT OF £67 MILLION, WHICH IS INCLUDED IN THE TOTAL FIGURE OF AGGREGATE EXCHEQUER GRANT WHICH I HAVE ALREADY GIVEN. AS THEIR CONTRIBUTION TO THIS REDUCTION IN BUSINESS RATES, AND IN RECOGNITION OF THEIR WELCOME SUPPORT FOR THIS POLICY, I AM ASKING LOCAL AUTHORITIES TO RECOVER THE BALANCE OF £13 MILLION BY EFFICIENCY SAVINGS. THIS COMPARES WITH TOTAL CURRENT EXPENDITURE FOR NEXT YEAR ESTIMATED BY COSLA TO BE OVER £5,000 MILLION. I AM CONFIDENT THAT IT SHOULD BE WELL WITHIN THEIR CAPABILITY TO ACHIEVE THESE MODEST SAVINGS WITHOUT THREAT TO STANDARDS OF SERVICE. I AND MY DEPARTMENT HAVE ALREADY HAD USEFUL DISCUSSIONS WITH COSLA ON IMPLEMENTATION OF THE NEW POLICY, DETAILS OF WHICH WILL BE ANNOUNCED IN THE AUTUMN.

THE REMAINDER OF THE TOTAL OF AGGREGATE EXCHEQUER GRANT REPRESENTS AN INCREASE OF 7% ON THIS YEAR'S FIGURE. TAKEN TOGETHER WITH BUSINESS RATE INCOME, IT SHOULD ENABLE LOCAL AUTHORITIES, IF THEY ARE PREPARED TO TAKE A GRIP ON THEIR SPENDING, TO SET COMMUNITY CHARGES NOT SIGNIFICANTLY HIGHER ON AVERAGE THAN THIS YEAR'S LEVELS. I HOPE THAT MANY AUTHORITIES WILL ALREADY HAVE RECOGNISED THEIR EXCESSIVE BUDGETING FOR THIS YEAR AND, IN THE KNOWLEDGE OF THE REASONABLE GRANT SETTLEMENT I AM ANNOUNCING TODAY, WILL NOW PLAN FOR REASONABLE LEVELS OF SPENDING AND OF COMMUNITY CHARGE NEXT YEAR.

DETAILED PROPOSALS FOR GRANT DISTRIBUTION WILL BE PUT TO THE CONVENTION OF SCOTTISH LOCAL AUTHORITIES FOR CONSULTATION, IN THE USUAL WAY, IN THE AUTUMN.

I ALSO WISH TO TAKE THIS OPPORTUNITY TO ANNOUNCE A NUMBER OF CHANGES WHICH I AM PROPOSING TO MAKE TO THE ARRANGEMENTS FOR ADMINISTERING THE STANDARD COMMUNITY CHARGE IN SCOTLAND. AS HON MEMBERS ARE AWARE THE STANDARD COMMUNITY CHARGE IS PAID BY OWNERS, OR LONG-TERM TENANTS, OF HOUSES SUCH AS SECOND HOMES WHICH ARE NOT USED AS SOMEONE'S SOLE OR MAIN RESIDENCE,

I HAVE RECEIVED A SIGNIFICANT NUMBER OF REPRESENTATIONS ABOUT THE STANDARD COMMUNITY CHARGE AND RECENTLY RECEIVED A PAPER FROM THE CONVENTION OF SCOTTISH LOCAL AUTHORITIES OUTLINING SUGGESTIONS FOR CHANGE. I AM QUITE CLEAR THAT MANY OF THE PROBLEMS WHICH HAVE ARISEN CAN BE ATTRIBUTED DIRECTLY TO LOCAL AUTHORITIES' DECISIONS IN ALMOST EVERY CASE TO SET THEIR STANDARD COMMUNITY CHARGE MULTIPLIERS AT THE MAXIMUM OF 2 TIMES THE PERSONAL COMMUNITY CHARGE, WHEN THEY HAD BEEN GIVEN DISCRETION TO SET THE MULTIPLIER ANYWHERE BETWEEN ONE AND 2.

NEVERTHELESS AND IN THE LIGHT OF THE REAL PROBLEMS THAT HAVE AS A RESULT ARISEN, I HAVE DECIDED TO MAKE THE FOLLOWING CHANGES TO THE PRESENT ARRANGEMENTS.

FIRST, I INTEND TO TAKE POWERS TO DEFINE CERTAIN CLASSES OF PREMISES FOR WHICH I WILL BE ABLE TO PRESCRIBE A MAXIMUM MULTIPLIER. I WILL USE THIS POWER TO TACKLE, IN PARTICULAR, THE VERY DIFFICULT CASE OF THE HOUSE WHICH IS UNOCCUPIED BECAUSE THE OWNER HAS TO LIVE WITH FRIENDS OR RELATIVES BECAUSE OF ILLNESS OR INFIRMITY. THIS IS ONE SITUATION IN WHICH A MULTIPLIER OF UP TO 2 SEEMS TOO HIGH. IF OTHER CATEGORIES OF A COMPARABLE KIND EMERGE, THESE POWERS WILL ENABLE ME TO MAKE PROVISION FOR THEM.

I WILL ALSO MAKE PROVISION TO ALLOW AUTHORITIES TO DETERMINE, SUBJECT TO CERTAIN CONDITIONS, THEIR OWN CLASSES OF PREMISES FOR WHICH THEY COULD SET DIFFERENT MULTIPLIERS. THIS WILL

ALLOW THEM TO TAKE ACCOUNT OF CIRCUMSTANCES NOT COVERED BY CLASSES I MIGHT PRESCRIBE BUT WHICH IT IS RIGHT SHOULD BE THE SUBJECT OF LOCAL DECISION. THIS WOULD GIVE THEM DISCRETION TO SET A DIFFERENT MULTIPLIER FOR THE HOMES OF OLD PEOPLE IN GENERAL WHO ARE LIVING WITH RELATIVES AND FOR THE HOMES OF PEOPLE OBLIGED BY THEIR JOBS TO LIVE IN TIED HOUSES. LOCAL AUTHORITIES COULD ALSO CREATE OTHER CLASSES, DEPENDING ON LOCAL CIRCUMSTANCES; AND A REGIONAL COUNCIL WOULD BE ABLE TO SET DIFFERENT MAXIMUM MULTIPLIERS FOR ITS CLASSES IN DIFFERENT DISTRICT COUNCIL AREAS, SOMETHING SPECIFICALLY REQUESTED BY COSLA IN THE PROPOSALS WHICH THEY PUT TO ME.

AS A RESULT LOCAL AUTHORITIES WILL HAVE CONSIDERABLY GREATER FLEXIBILITY IN THEIR OPERATION OF THE STANDARD COMMUNITY CHARGE ARRANGEMENTS. I KNOW, THEREFORE, THAT THE NEW ARRANGEMENTS WILL BE WELCOMED. I AM PROPOSING THAT THE NECESSARY AMENDMENTS TO THE ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) ACT 1987 TO ALLOW FOR THE INTRODUCTION OF THESE CHANGES SHOULD BE MADE IN THE CONTEXT OF THE LOCAL GOVERNMENT AND HOUSING BILL AND AMENDMENTS TO THAT BILL ARE BEING TABLED TODAY. THE CHANGES WILL COME INTO EFFECT FOR THE FINANCIAL YEAR 1990-91.

LAST, I PROPOSE TO REDEFINE THE BOUNDARY BETWEEN DOMESTIC AND NON-DOMESTIC PROPERTY SO THAT SINGLE DWELLINGS AVAILABLE FOR HOLIDAY LETTING ARE SUBJECT TO NON-DOMESTIC RATING RATHER THAN THE STANDARD COMMUNITY CHARGE.


THESE PROPOSALS TACKLE THE MAIN PROBLEMS THAT HAVE EMERGED IN RELATION TO THE INCIDENCE OF THE STANDARD CHARGE AND ARE A DIRECT RESPONSE TO THE CONCERNS EXPRESSED BY LOCAL AUTHORITIES AND OTHERS. I HOPE THAT LOCAL AUTHORITIES WILL RECIPROCATE BY USING THE ADDITIONAL DISCRETION THEY HAVE NOW BEEN GIVEN.

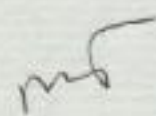
PRIME MINISTER

COMMUNITY CHARGE DEBATE

Chris Patten did well this afternoon. Apart from one slightly sticky moment in the middle of his response to Jack Cunningham, when he got a little bit lost in technical detail, his response to the debate was a good mixture of vigorous opposition-bashing with some judicious, soothing words for the back benches. He reminded Cunningham that Mr. Kinnock has publicly pulled back Labour's alternative so that it could be 'sophisticated' (a novel verb!) and invited him to bring it back once it had been.

Chris Patten also managed to get across, fairly clearly I thought, that the current revenue equalisation system amounted to a massive cross-subsidy to mainly Labour authorities; and that the safety net was a way of phasing this out. He said that he had listened very carefully to all the points made to Nick Ridley last week, both from those who wanted to get the full benefit by having it phased out sooner, and those who would be losers under the new system and therefore wanted a longer transitional period. This brought some warm support from the back-benches. Mark will no doubt give you some more reaction from the Commons tea-room.





D MORRIS
25 JULY 1989



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 July 1989

COMMUNITY CHARGE BENEFIT

The Prime Minister was grateful for your Secretary of State's minute of 21 July setting out the ways in which poor people would be helped to pay the Community Charge.

I should be grateful if you and copy recipients would ensure this letter is given a strictly limited circulation to named individuals.

The Prime Minister would be grateful if some work could be done on the possibility of setting the capital limit on eligibility for community charge rebates at £16,000, i.e. double the normal £8,000 limit, just for pensioner couples. She would be grateful if consideration could be given to the costs and implications of such a change, including the impact of the introduction of independent taxation for husband and wife in April 1990.

I am copying this letter only to Carys Evans (Chief Secretary's Office) Roger Bright (Department of the Environment) and Trevor Woolley (Cabinet Office).

(PAUL GRAY)

Stuart Lord, Esq.,
Department of Social Security.

NBPM
R2C6
25/7

Treasury Chambers, Parliament Street, SW1P 3AG

Nicholas Scott MBE JP MP
Minister of State for Social Security and the Disabled
Department of Health and Social Security
Richmond House
79 Whitehall
London
SW1A 2NS

24 July 1989

Dear Minister,

NEW FINANCIAL REGIME FOR LOCAL AUTHORITIES: RENT REBATE SUBSIDY

WITH REQUEST IF REQUIRED

Thank you for your letter of 13 June.

I share your objective of preserving the effect of the current subsidy arrangements in providing an incentive to authorities to limit expenditure in those areas where they are most able to control costs. In fact, as you know from previous correspondence, I have been concerned to increase this incentive by reducing the demand-led subsidy from its current level of 97 per cent.

I recognise that the introduction of ring-fenced housing revenue accounts next year means that a new way will have to be found of providing this incentive in the case of rent rebates. However, I am not persuaded that moving to a system of 100 per cent demand-led subsidy, as you propose, will be an effective means of doing so. Nor do I accept that the HRAs themselves will necessarily act as a deterrent to excessive expenditure, as a large minority of authorities will still be making no contribution to rent rebate expenditure from their own rental income for some time to come. Partly for this reason, I am concerned that a move to 100 per cent demand-led subsidy could be dangerous from the point of view of effective control of housing benefit expenditure. It would leave authorities with no incentive to operate the guidelines tautly and efficiently; they would be reimbursed £ for £ of expenditure. I find it hard to accept that this would give an adequate incentive for control.



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As you acknowledge in your letter, moving to a 100 per cent demand-led subsidy is not the only option. In principle, I can see two other options. One would be to provide less than 100 per cent subsidy, as now, leaving authorities to make up the difference from higher rents levied on non housing benefit tenants or cuts in maintenance expenditure below that seen as reasonable by DOE. But I can, see real difficulties in sustaining this proposal, which Nick Ridley's letter of 20 June pointed out.

However, I think your letter may overstate the difficulties associated with the other option, namely to provide a demand-led subsidy for less than 100 per cent of expenditure, with a cash limited grant making up the remainder. Of course, there would be a risk of some authorities inflating their initial estimates. But this risk exists under the present system. And your Department should be able to spot at least the most flagrant examples of this and settle on a more appropriate, lower figure, while any excess payments should be recoverable. Authorities persistently presenting estimates which turn out too high for no good reason would have to be shown that this was counter-productive. The auditors might also have a role in checking abuse here.

In view of the serious problems I see with your proposal to move to 100 per cent demand-led subsidy, I would like you to reconsider the possibility of a cash-limited element. I would like to see this fixed at 5 per cent, leaving 95 per cent to be contributed in demand-led subsidy.

Another relevant consideration here is the subsidy regime for rent rebates in Scotland, rent allowances, and community charge rebates. As you know, I suggested last year (my letter of 2 September) that the subsidies for these benefits be reduced from 97 per cent to 95 per cent in the interests of giving authorities a greater incentive to control expenditure. I still believe this should be done. Such a change might be more difficult to achieve if we were to move in the opposite direction on rent rebates in England and Wales.

I would not wish to press changes in these arrangements (ie those not affected by the new financial regime) in April 1990. But I would like to propose that they be considered in this year's Survey with a view to implementation in April 1991.

As for the incentive areas, it is with some reluctance that I accept your proposal for a cash limited grant of 100 per cent to cover what your Department regards as reasonable expenditure by each authority. I fear that the removal of subsidy penalties will lead to additional expenditure in these areas. It is therefore crucial that the cash limits are tightly set. I assume, subject to Malcolm Rifkind's views, that this system will apply in Scotland from April next year, as well as in England and Wales.

I am copying this letter to Nicholas Ridley, Peter Walker, and Malcolm Rifkind, and to No. 10

Yours sincerely,

P. Walker

PP JOHN MAJOR

*Approved by the Chief Secretary
and signed in his absence*



PRIME MINISTER

COMMUNITY CHARGE BENEFIT

John Moore has now, as promised, sent you a note describing the arrangements for benefit payments towards the Community Charge (attached at Flag A). It brings out that, on a GB basis, there will be about 11 million people receiving rebates.

John Mills (Flag B) has provided a comment on this. He points to the case for keeping in mind a possible further concession on the benefit arrangements - namely doubling for pensioner couples the capital limit from £8,000 to £16,000. There clearly is a case for such a concession for the reasons John sets out, although personally I am not sure it is that strong.

The immediate issue is, however, whether you want to ask DSS to do any work on this idea now or just to bear it in mind as a possibility for the future.

Which would you prefer?

Do some more work -

Rec.

PG

21 July, 1989.

*especially as How are
being taxed separately in 1990
not*

CONFIDENTIAL

B B

CONFIDENTIAL

PRIME MINISTER

21 July 1989

COMMUNITY CHARGE BENEFIT

John Moore's note is timely. The Government needs to emphasise as much as it can just how extensive community charge rebates will be. This is especially important since the Government has accepted the RPI Advisory Committee's advice that rebates should be ignored in the way the RPI reflects the community charge.

There is one aspect of the benefit arrangements which is likely to cause a great outcry. This concerns the capital limit, above which no benefit is payable. It is currently £8000, the same as for Housing Benefit.

It is the same figure for a couple as for an individual. Yet community charge is a tax on individuals, and a couple's liability is twice an individual's. The effect of this will be to remove from eligibility for rebate a considerable number of couples, especially pensioner couples, who, generally, will lose from the move to community charge. There will be accusations that they will have to pay taxes out of capital. This will be very hard to defend.

This has already emerged as a contentious issue in Scotland. And you will recall the great difficulty the Government had two years ago over the capital limit for Housing Benefit, when it was forced to raise it from £6000 to £8000.

There is clearly a case for reviewing the position so that, at the very least, this is a concession the Government can have up its sleeve as the political debate about community charge intensifies. One option might be to limit it to pensioner couples as a specific way of showing commitment to that group.

CONFIDENTIAL

CONFIDENTIAL

RECOMMENDATION

John Moore should be asked to consider the case for a double capital limit for couples, on the grounds that community charge is a charge upon individuals and a couple's liability is twice an individual's. A particular aim of this would be to help pensioner couples with relatively modest savings, many of who stand to lose from the community charge.

John Mills

JOHN MILLS

CONFIDENTIAL

Prime Minister

COMMUNITY CHARGE BENEFIT

I said that I would write to you describing the way in which poorer people will be helped to pay the community charge. There is to be a Community Charge Benefit Scheme which will be operated by local authorities from April 1990. Everybody who is liable either for a full personal community charge or for collective community charge contributions will be able to claim rebate; only registered students who are exempted from 80% of their liability will be unable to claim. It will replace the Community Charge Rebate Scheme now operating in Scotland.

2. People who are on Income Support will automatically get the maximum rebate of 80% of their liability. In addition to this, they will receive help towards the remaining 20% through the adjustments we have already made to Income Support levels; these now include £1.15 for a single person aged under 25, £1.30 for a single person over 25, and £2.30 for a couple. The adjustments are now subsumed within Income Support and will be subject to the autumn uprating. The examples below show the amount of Community Charge Benefit a single person and a couple would receive with the community charge set at £300.

3. Where the community charge is below £300, everyone on Income Support will be better off. Single people under 25 and married couples will have to contribute more than the Income Support amounts where the community charge is over £300, and single people over 25 will have to contribute more where it is over £339.

Single person receiving
Income Support

Couple receiving
Income Support

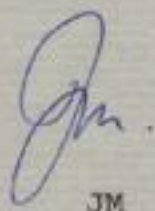
	£	£
Community charge	300.00	300.00 each
Weekly charge	5.75	11.50
Maximum rebate (80% of liability)	4.60	9.20
20% charge to pay	1.15	2.30
Assistance from IS	1.30	2.30

4. People with incomes above their Income Support levels may be entitled to rebate of less than 80%. The amount of their rebate will depend upon their financial resources, their personal circumstances, and the amount of community charge they have to pay. The method of calculation will follow very closely the method currently used to calculate rate rebates, but it will be based on a 15% taper for income which is significantly more generous than the present 20% taper used for calculating rate rebates, and we estimate that it will increase the numbers of people receiving rebates by about 1 million.

5. Our most recent published estimate is that about 11 million people in Great Britain, about one chargepayer in four, will receive rebates on their community charge. We are reworking these estimates to take account of the revised forecasts of community charge levels published on Wednesday, and of more up-to-date demographic and financial data, and will publish them as soon as possible.

6. I am copying this letter to Cabinet colleagues.

21 July 1989


JM



CONFIDENTIAL

31

Comments by Tuesday, please

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

Paul Gray

My ref

Your ref

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1

15849

*Not discussed and agreed
this is a matter for Chris Patten.*

*I would add that I think we
shall have to spend a lot
of money on pulling out
(especially) the community charge*

21 July 1989

*Note discussed with
Rex Blyth (Doc). Not as
waiting for a Treasury response and
N. Patten M. has made the
position.*

*I can inform Patten
18/7*

John 21/7

You will have seen my minute of 22 March, responding to the Prime Minister's interest in our proposals for publicity on the community charge. In that, I outlined what we had achieved so far and our current proposals. I also mentioned that further publicity might be needed next winter and that it was already clear that the film originally allocated to publicity on local government matters, primarily in order to carry out our household leaflet drop, would not be adequate to do a thorough job.

We agreed this figure last year, on the understanding that we might in the event need to do more to reach certain groups of community charge payers. I have now considered the matter further and have had the benefit of some preliminary research by Gallup into current levels of awareness of the community charge. I am convinced that the public still needs information on important areas of the new system, especially the key area of rebates. It is on that basis that I am now writing to you. (I recognise that, following my announcement yesterday, we may need to ensure that the safety net is better understood. I shall be considering this separately.)

The research shows that our short leaflet sent to all households was effective in raising people's awareness of the community charge and that a majority of its readers found it helpful. The leaflet was, however, short and could by its very nature only cover main points. The research showed that there is still uncertainty about some important details of the system, such as the factors deciding entitlement to rebates. As about half of those interviewed were concerned about whether they could afford the community charge, it is clearly important that people should be fully aware of the rebate system. We have repeatedly said that we expect up to 1 in 4 people to be helped by rebates and income support - some 9 million charge payers.

In addition, some important groups are less aware of the community charge than others, including council tenants and young people (who as first time payers in many instances are a key group), unskilled workers, people on low incomes and members of larger households.

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I therefore propose to undertake a further information campaign around the turn of the year, to make key groups of people better informed about their rights and duties. It will have three major aims: ensuring that poorer people are aware of the availability of rebates; stimulating registration among those still unregistered; and maximising awareness among non-rate payers that they will have to pay a bill for the first time. These are all highly important for achieving successful implementation, and the last two aims will help achieve maximum revenue for the local authorities. The key aim is the need to achieve maximum awareness of rebates: if people's concerns about cost are met they are more likely to register, and if they receive a rebate they are of course more likely to be able to pay.

The main campaign would centre around television advertising making clear that all adults will pay the community charge and focused primarily on rebates. At least £3m would be needed to carry through an effective television campaign. I am convinced this would be justified, because of the importance of the messages and the difficulty of reaching much of the target audience by other means. It is notoriously difficult for example to target with precision those people who may be eligible for rebates but not for other sorts of benefit. The young will be another key group. For both, television is likely to be the most effective means of communication.

We should not rely on television advertising alone. Television is suited to short, sharp messages well calculated to heighten awareness of the existence of rebates. The scheme's details however will need to be publicised in other ways. The advertisements should therefore encourage people to send for a short leaflet on rebates. They would be supported by newspaper advertising, biased towards the popular, youth and ethnic press containing a coupon which could be sent off for the leaflet. This might cost £400k.

To further the aim of raising awareness among first-time payers, we can target key groups through radio and cinema advertising (especially effective for housewives and the young respectively). A campaign of three weeks in both media would cost in the order of £450k. Advertisements in specialist publications would also be desirable. These might cost £150k. We shall also stimulate further take-up of our existing publications.

I also intend to commission some research on the need for, and effectiveness of, a Departmental telephone hotline, to enable us to deal with urgent personal queries and concerns. It is difficult to estimate a precise cost because of the demand-led nature of the service, but £300k would be a realistic provisional figure, if we were to proceed.

Finally, we propose to write to all business rate payers late this year, once the multiplier is announced and the new rating lists are deposited. There is still ignorance among businesses and some alarmist comment being circulated.

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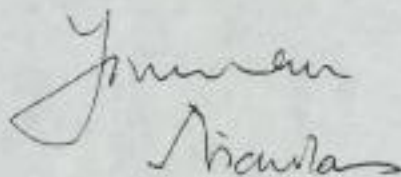
The revaluation and our business rate proposals are important reforms, affecting every business in the land. It is highly desirable to ensure that individual businessmen and women have the changes and our reasons for them explained to them directly. This will cost approximately £400k.

In addition to these longer-term plans, there are some smaller initiatives which I wish to pursue in the near future, including a new leaflet on rent and rates, the provision of general information for the blind and the deaf and dumb, and information in minority languages, costing in total about £0.63m.

I am satisfied that these proposals fully respect the conventions on Government publicity, on grounds of both cost-effectiveness and propriety. I am clear that this is the most effective way of reaching large numbers of people who need to know about an important right in a new system. I believe that many people, far from criticising a campaign intended to help our poorest citizens, will welcome it. Local authorities too are likely to favour an effective Government campaign which will assist implementation. As to timing, the bulk of the campaign should take place next December and January, with television advertising in the cheaper, January period. This will be when claims for rebates can first be entertained, when people will receive their personal register entries, and will give time for late registration.

The total cost is some £5.6m, itemised in the attached table. As I have mentioned, we agreed during PES discussions last year that I would need to come back to you on the question of funding the overall publicity campaign if it was agreed that more than £1m was required. At present, I have no funds for this increased programme. I suggest, however, that we review the position later in the year when we are better able to look across the whole of my Department's programmes. In the meantime it would be helpful to have your agreement to the proposals set out in this letter so that we can put arrangements in hand.

I am copying this letter to the Prime Minister, and to Peter Walker, Malcolm Rifkind, John Moore and Sir Robin Butler.

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NICHOLAS RIDLEY

ANNEX

	£k
a) newspaper advertisements in December to publicise rebates;	400
b) TV advertisements in January 1990;	3,000
c) leaflet to accompany advertisements plus response fulfilment;	100
d) simultaneous radio and cinema advertisements, aimed at key groups;	450
e) specialist advertisements for key groups in other media;	150
f) Post Office display units, and QTV, for rebate and exemption leaflets;	95
g) mail drop to all business rate-payers;	400
h) possible telephone hotline	300
i) v.f.m. research into the above and preliminary research into concepts for TV advertisements	70
j) miscellaneous small items needed now (including translated publications, material for the deaf and blind, reprints of existing leaflets, new leaflet on rent and rates)	630
	<hr/>
Total	5,595



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2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1

21 July 1989

Scan 20m
Ref Pt 2

You will have seen my minute of 22 March, responding to the Prime Minister's interest in our proposals for publicity on the community charge. In that, I outlined what we had achieved so far and our current proposals. I also mentioned that further publicity might be needed next winter and that it was already clear that the film originally allocated to publicity on local government matters, primarily in order to carry out our household leaflet drop, would not be adequate to do a thorough job.

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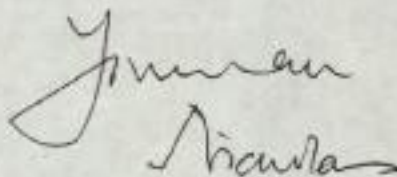
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LOCAL GOVT: Rating PT 13



→ RA Local
charge

DEPARTMENT OF THE ENVIRONMENT

1989/90 ILLUSTRATIVE COMMUNITY CHARGES

EXPLANATORY NOTES

1. The attached table illustrates the community charges which are implied by current levels of local authority rates and Government grants. It therefore illustrates the impact of the community charge had it been implemented in 1989/90. These figures are not a prediction of community charges in 1990/91, which will depend on local authority spending.

2. The calculations have been done on a similar basis to that used to illustrate community charges for 1988/89 except that spending is measured by estimated income from rates and government grants, instead of using reported total expenditure. This gives a reliable estimate of the amount raised in local taxes in 1989/90, but means that the exemplifications are not strictly comparable to those published for 1988/89. (A separate table showing figures on a comparable basis is also being placed in the Library). These figures are based on:

- estimated 1989/90 income from rates and government grants for individual authorities;
- the new Revenue Support Grant arrangements (but using 1989/90 distribution of Grant-Related Expenditure between individual authorities);
- the 1989/90 equivalent to Aggregate External Finance (grant and national non-domestic rates);
- the business rate distribution which will come into effect from April 1990;
- the new safety net arrangements for 1990/91 which I announced today.

3. Column 1 shows for each area the average rate bill per household implied by current levels of domestic rates. This is provided as a point of comparison.

4. Column 2 records the amount of spending in excess of GRE expressed in pounds per adult. The new local government finance system would have allowed all areas to finance expenditure sufficient to provide a standard level of service for a community charge of £240 in 1989/90. For the purposes of these exemplifications, the over or under spending of all local authorities operating in an area is combined.

5. Column 3 shows the full community charge before safety nets implied by current levels of rates if the new system were fully in force this year. The community charge for any area is the £240 community charge for standard spending plus or minus the amount per adult by which councils spend more or less than GRE. In this way, the level of the full community charge for each authority compared with £240 provides a ready reckoner enabling chargepayers to compare the amount which their councils spend with the cost of providing a standard level of services and with the spending in other areas. It is therefore equal to £240 plus the amount of over or under spending shown in column 2.

6. Column 4 shows safety netted community charges. The safety net allows losses of up to £23 in authorities with full community charges higher than 1988/89 average rate bills per adult plus 5%. Forty seven percent of gains are retained by chargepayers in authorities where uprated average rate bills per adult are above full community charges, subject to a maximum contribution to the safety net of £70 per adult. These figures are broadly equivalent to the £25 maximum loss and £75 maximum contribution proposed for 1990/91. The figures also include the effect of extra support for areas with low rateable values and the grant for inner London education authorities which is financed in these figures by community charges £5 higher elsewhere. The expenditure figures used for setting the safety net are 1988/89 rate income plus grant, rolled forward to the aggregate total expenditure assumed in the 1989/90 RSG settlement.

7. Column 5 deals with the non-domestic sector and shows the percentage change in non-domestic rates which would arise from a move to a national non-domestic rate poundage set at the 1989/90 national average of 258.3p.

Department of the Environment

19 July 1989

doc1766va

DATE: 19-JUL-89

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988
(Based on 1989/90 local authority expenditure and rate returns)

Community charge for standard spending - £240

1989/90 England average non-domestic rate poundage - 258.3p

Safety net allows losses of up to £23 per adult and 47% of gains subject to maximum contribution of £70 per adult

Safety netted charges include £5 to finance £184a support for Inner London and areas with low domestic rateable value

	DOMESTIC SECTOR				BUSINESS RATES
	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
England	£ 518	£ 35	£ 274	£ 274	-
Inner London	£ 570	£ 305	£ 522	£ 290	39.7%
Outer London	£ 606	£ 61	£ 301	£ 323	5.9%
Metropolitan Areas	£ 502	£ 53	£ 293	£ 288	-19.9%
Shire Areas	£ 506	£ 3	£ 243	£ 260	-5.0%

DATE: 19-JUL-89

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	DOMESTIC SECTOR				BUSINESS RATES
	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
GREATER LONDON					
City of London	£ 689	£ 10,666	£ 492	£ 464	57.3%
Camden	£ 774	£ 339	£ 579	£ 361	12.7%
Greenwich	£ 510	£ 352	£ 592	£ 238	-2.8%
Hackney	£ 607	£ 336	£ 576	£ 311	9.0%
Hammersmith and Fulham	£ 617	£ 409	£ 649	£ 336	2.0%
Islington	£ 776	£ 428	£ 669	£ 496	6.3%
Kensington and Chelsea	£ 542	£ 98	£ 339	£ 332	111.4%
Labeth	£ 506	£ 303	£ 543	£ 297	13.3%
Lewisham	£ 477	£ 268	£ 508	£ 215	14.4%
Southwark	£ 458	£ 309	£ 549	£ 256	21.9%
Tower Hamlets	£ 500	£ 280	£ 520	£ 153	43.1%
Wandsworth	£ 360	£ 135	£ 375	£ 148	60.3%
Westminster	£ 807	£ 155	£ 395	£ 428	50.6%
Overspending by the Inner London Education Authority adds £183 to the full community charge in Inner London					
The Column 4 figures take account of the Inner London transitional grant					
Barking and Dagenham	£ 450	£ 16	£ 256	£ 261	15.3%
Barnet	£ 708	£-5	£ 235	£ 290	20.9%
Bexley	£ 471	£ 10	£ 250	£ 255	19.9%
Brent	£ 963	£ 321	£ 561	£ 397	-28.8%
Bromley	£ 476	£-52	£ 189	£ 209	43.2%
Croydon	£ 501	£-68	£ 172	£ 222	60.8%
Ealing	£ 645	£ 96	£ 336	£ 357	1.9%
Enfield	£ 597	£ 33	£ 274	£ 298	9.7%
Haringey	£ 883	£ 387	£ 627	£ 642	-32.4%
Harrow	£ 625	£ 13	£ 253	£ 292	17.9%
Hevering	£ 507	£-21	£ 219	£ 234	27.2%
Hillingdon	£ 623	£ 97	£ 337	£ 342	6.6%
Hounslow	£ 660	£ 165	£ 405	£ 382	-5.0%
Kingston-upon-Thames	£ 595	£ 35	£ 276	£ 299	16.5%
Merton	£ 500	£-3	£ 238	£ 261	29.4%
Midham	£ 629	£ 205	£ 445	£ 438	-18.3%
Redbridge	£ 448	£-53	£ 187	£ 215	65.5%
Richmond-upon-Thames	£ 630	£ 15	£ 255	£ 299	10.6%
Sutton	£ 571	£ 16	£ 256	£ 281	13.5%
Waltham Forest	£ 586	£ 99	£ 340	£ 345	-4.1%

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988
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	DOMESTIC SECTOR				BUSINESS RATES
	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
GREATER MANCHESTER					
Bolton	£ 448	£ 4	£ 244	£ 255	-8.7%
Bury	£ 562	£ 50	£ 291	£ 306	-19.4%
Manchester	£ 580	£ 159	£ 399	£ 404	-31.3%
Oldham	£ 425	£ 36	£ 277	£ 277	-18.1%
Rochdale	£ 466	£ 83	£ 323	£ 288	-26.6%
Salford	£ 525	£ 54	£ 295	£ 300	-20.5%
Stockport	£ 579	£ 2	£ 243	£ 286	-8.1%
Tameside	£ 461	£ 60	£ 300	£ 289	-23.5%
Trafford	£ 535	£ -21	£ 219	£ 268	-2.4%
Wigan	£ 500	£ 67	£ 307	£ 295	-24.2%
MERSEYSIDE					
Knowsley	£ 582	£ 66	£ 306	£ 311	-24.7%
Liverpool	£ 537	£ 114	£ 354	£ 338	-27.6%
St Helens	£ 512	£ 34	£ 275	£ 276	-21.0%
Sefton	£ 562	£ 4	£ 244	£ 269	-12.4%
Wirral	£ 692	£ 104	£ 345	£ 376	-28.5%
SOUTH YORKSHIRE					
Barnsley	£ 408	£ 82	£ 322	£ 218	-28.0%
Doncaster	£ 483	£ 97	£ 337	£ 277	-29.1%
Rotherham	£ 465	£ 88	£ 328	£ 254	-28.2%
Sheffield	£ 511	£ 137	£ 377	£ 306	-35.5%
TYNE AND WEAR					
Gateshead	£ 447	£ 85	£ 325	£ 255	-21.0%
Newcastle upon Tyne	£ 499	£ 86	£ 326	£ 331	-24.9%
North Tyneside	£ 546	£ 114	£ 354	£ 355	-30.2%
South Tyneside	£ 428	£ 58	£ 298	£ 246	-19.9%
Sunderland	£ 400	£ 37	£ 277	£ 225	-19.1%
WEST MIDLANDS					
Birmingham	£ 522	£ -0	£ 240	£ 307	-5.5%
Coventry	£ 578	£ 52	£ 293	£ 315	-16.8%
Dudley	£ 569	£ -9	£ 231	£ 277	-6.7%
Sandwell	£ 509	£ -15	£ 225	£ 267	-11.3%
Solihull	£ 617	£ -45	£ 195	£ 264	10.2%
Walsall	£ 593	£ 17	£ 257	£ 295	-16.3%
Wolverhampton	£ 569	£ -9	£ 231	£ 290	-9.2%
WEST YORKSHIRE					
Bradford	£ 399	£ 54	£ 295	£ 256	-23.1%
Calderdale	£ 430	£ 121	£ 361	£ 268	-34.0%
Kirklees	£ 391	£ 72	£ 312	£ 223	-25.4%
Leeds	£ 407	£ 16	£ 256	£ 252	-12.7%
Wakefield	£ 438	£ 70	£ 310	£ 245	-25.2%

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Bristol	£ 539	£ 89	£ 329	£ 334	-23.3%
Kingswood	£ 513	£ 18	£ 258	£ 268	-11.7%
Northavon	£ 606	£ 40	£ 280	£ 295	-15.8%
Wansdyke	£ 551	£ 18	£ 258	£ 277	-11.0%
Woodspring	£ 612	£ 39	£ 280	£ 302	-15.6%
BEDFORDSHIRE					
North Bedfordshire	£ 588	£ 23	£ 263	£ 291	-10.3%
Luton	£ 668	£ 31	£ 271	£ 317	-11.4%
Mid Bedfordshire	£ 645	£ 34	£ 274	£ 301	-12.0%
South Bedfordshire	£ 711	£ 50	£ 290	£ 336	-13.0%
BERKSHIRE					
Bracknell	£ 574	£-35	£ 206	£ 270	11.7%
Newbury	£ 585	£-34	£ 206	£ 265	11.7%
Reading	£ 525	£ 2	£ 242	£ 280	3.7%
Slough	£ 497	£-44	£ 196	£ 251	14.1%
Windsor and Maidenhead	£ 643	£-25	£ 215	£ 290	11.0%
Wokingham	£ 720	£-17	£ 223	£ 298	6.4%
BUCKINGHAMSHIRE					
Aylesbury Vale	£ 567	£-20	£ 220	£ 261	1.4%
South Bucks	£ 876	£-14	£ 226	£ 301	2.1%
Chiltern	£ 891	£ 2	£ 242	£ 317	-1.4%
Milton Keynes	£ 613	£ 12	£ 252	£ 303	-4.9%
Wycombe	£ 745	£-6	£ 234	£ 309	-1.8%
CAMBRIDGESHIRE					
Cambridge	£ 616	£ 0	£ 241	£ 297	-2.7%
East Cambridgeshire	£ 437	£-32	£ 208	£ 230	4.4%
Fenland	£ 405	£-22	£ 218	£ 229	.8%
Huntingdonshire	£ 484	£-33	£ 208	£ 238	3.6%
Peterborough	£ 491	£ 8	£ 248	£ 270	-5.4%
South Cambridgeshire	£ 577	£-48	£ 192	£ 246	9.2%
CHEESHIRE					
Chester	£ 567	£ 5	£ 245	£ 275	-7.7%
Congleton	£ 556	£ 2	£ 242	£ 262	-6.8%
Creve and Nantwich	£ 546	£ 23	£ 263	£ 285	-10.3%
Ellesmere Port and Neston	£ 540	£ 17	£ 257	£ 272	-8.1%
Halton	£ 476	£ 10	£ 250	£ 255	-8.9%
Macclesfield	£ 665	£-4	£ 236	£ 292	-4.9%
Vale Royal	£ 500	£ 2	£ 243	£ 253	-7.6%
Warrington	£ 505	£ 13	£ 253	£ 262	-10.0%

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CLEVELAND					
Hartlepool	£ 450	£ 75	£ 315	£ 278	-24.9%
Langbaugh-on-Tees	£ 562	£ 108	£ 349	£ 344	-28.4%
Middlesbrough	£ 501	£ 75	£ 313	£ 315	-22.9%
Stockton-on-Tees	£ 555	£ 79	£ 319	£ 324	-25.4%
CORNWALL					
Caradon	£ 384	£-21	£ 219	£ 229	1.1%
Carrick	£ 398	£-18	£ 223	£ 233	1.2%
Kerrier	£ 353	£-21	£ 219	£ 222	-.4%
North Cornwall	£ 389	£-19	£ 221	£ 229	.8%
Penwith	£ 344	£-25	£ 215	£ 220	2.5%
Restormel	£ 387	£-29	£ 212	£ 218	3.5%
CUMBERIA					
Allerdale	£ 565	£ 37	£ 277	£ 196	-15.5%
Barrow in Furness	£ 361	£ 58	£ 298	£ 199	-20.5%
Carlisle	£ 419	£ 42	£ 282	£ 234	-16.4%
Copeland	£ 359	£ 50	£ 290	£ 196	-17.1%
Eden	£ 380	£ 33	£ 273	£ 206	-15.0%
South Lakeland	£ 455	£ 29	£ 269	£ 269	-13.9%
DERBYSHIRE					
Aber Valley	£ 459	£ 48	£ 288	£ 272	-17.9%
Bolsover	£ 409	£ 77	£ 317	£ 229	-24.1%
Chesterfield	£ 466	£ 63	£ 303	£ 283	-20.3%
Derby	£ 556	£ 47	£ 287	£ 302	-17.9%
Erewash	£ 491	£ 54	£ 294	£ 295	-19.0%
High Peak	£ 472	£ 70	£ 310	£ 282	-21.9%
North East Derbyshire	£ 519	£ 79	£ 319	£ 303	-23.9%
South Derbyshire	£ 535	£ 49	£ 290	£ 295	-18.8%
Derbyshire Dales	£ 523	£ 61	£ 301	£ 306	-19.7%
DEVON					
East Devon	£ 442	£-36	£ 204	£ 224	5.8%
Exeter	£ 409	£-37	£ 203	£ 217	6.6%
North Devon	£ 348	£-21	£ 219	£ 210	1.5%
Plymouth	£ 441	£-33	£ 207	£ 217	3.8%
South Hams	£ 441	£-18	£ 222	£ 245	1.9%
Teignbridge	£ 433	£-20	£ 221	£ 228	1.4%
Mid Devon	£ 570	£-23	£ 217	£ 222	1.8%
Torbay	£ 484	£-16	£ 224	£ 247	-1.8%
Torridge	£ 511	£-18	£ 222	£ 177	.9%
West Devon	£ 383	£-25	£ 215	£ 221	2.1%

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	DOMESTIC SECTOR				BUSINESS RATES
	Average rate bill per household Col. 1	Overspending in each area £ per adult Col. 2	Full community charge Col. 3	First year safety netted CC Col. 4	Change to average poundage Col. 5
DORSET					
Bournemouth	£ 487	£-34	£ 206	£ 234	8.5%
Christchurch	£ 523	£-33	£ 207	£ 251	10.1%
North Dorset	£ 414	£-40	£ 200	£ 209	10.5%
Poole	£ 524	£-40	£ 200	£ 248	10.8%
Purbeck	£ 450	£-46	£ 194	£ 212	13.2%
West Dorset	£ 395	£-41	£ 199	£ 211	12.3%
Weymouth and Portland	£ 411	£-33	£ 207	£ 212	8.1%
East Dorset	£ 598	£-21	£ 219	£ 269	7.1%
DURHAM					
Chester-le-Street	£ 439	£ 33	£ 274	£ 256	-18.4%
Darlington	£ 458	£ 51	£ 291	£ 270	-22.8%
Dewenside	£ 375	£ 65	£ 305	£ 210	-24.1%
Durham	£ 448	£ 45	£ 285	£ 253	-20.1%
Easington	£ 348	£ 37	£ 278	£ 201	-21.6%
Sedgefield	£ 406	£ 78	£ 318	£ 223	-24.3%
Teesdale	£ 337	£ 9	£ 249	£ 173	-11.6%
Wear Valley	£ 370	£ 79	£ 319	£ 207	-25.5%
EAST SUSSEX					
Brighton	£ 554	£ 90	£ 290	£ 322	-6.4%
Eastbourne	£ 598	£-7	£ 234	£ 289	-5%
Hastings	£ 476	£-11	£ 229	£ 252	-1%
Hove	£ 501	£-21	£ 219	£ 256	12.3%
Lewes	£ 584	£-11	£ 229	£ 275	1.5%
Rother	£ 574	£-10	£ 230	£ 280	2.2%
Uxbridge	£ 554	£-6	£ 234	£ 267	-2%
ESSEX					
Basildon	£ 793	£ 116	£ 356	£ 411	-20.6%
Braintree	£ 558	£ 6	£ 246	£ 277	-5.7%
Brentwood	£ 782	£ 37	£ 327	£ 367	-2.6%
Castle Point	£ 635	£-3	£ 238	£ 291	-3.8%
Chelmsford	£ 696	£-2	£ 238	£ 305	-4.4%
Colchester	£ 576	£-3	£ 238	£ 269	-4.1%
Spring Forest	£ 748	£-2	£ 239	£ 314	-6.8%
Harlow	£ 756	£ 167	£ 407	£ 413	-25.0%
Maldon	£ 616	£ 0	£ 240	£ 291	-5.6%
Rochford	£ 693	£ 6	£ 247	£ 305	-5.9%
Southend-on-Sea	£ 630	£ 4	£ 245	£ 308	-5.0%
Tendring	£ 548	£ 6	£ 246	£ 283	-5.8%
Thurrock	£ 675	£ 77	£ 317	£ 341	-12.7%
Uttlesford	£ 705	£ 10	£ 250	£ 313	-5.7%

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	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
GLOUCESTERSHIRE					
Cheltenham	£ 488	£-23	£ 218	£ 253	1.1%
Cotswold	£ 531	£-17	£ 224	£ 260	.2%
Forest of Dean	£ 393	£-12	£ 229	£ 228	-1.1%
Gloucester	£ 430	£-28	£ 212	£ 224	1.5%
Stroud	£ 472	£-6	£ 234	£ 247	-3.4%
Tewkesbury	£ 521	£-33	£ 207	£ 239	3.8%
HAMPSHIRE					
Basingstoke and Deane	£ 475	£-67	£ 174	£ 216	15.0%
East Hampshire	£ 569	£-36	£ 204	£ 250	7.1%
Eastleigh	£ 520	£-38	£ 202	£ 242	7.2%
Fareham	£ 557	£-44	£ 196	£ 244	7.5%
Gosport	£ 440	£-49	£ 191	£ 221	8.9%
Hart	£ 653	£-32	£ 208	£ 262	4.6%
Havant	£ 515	£-47	£ 193	£ 237	8.7%
New Forest	£ 480	£-34	£ 206	£ 236	6.7%
Portsmouth	£ 407	£-32	£ 208	£ 213	6.9%
Rushmoor	£ 508	£-53	£ 187	£ 207	10.3%
Southampton	£ 407	£-42	£ 198	£ 212	7.6%
Test Valley	£ 534	£-51	£ 189	£ 224	10.9%
Winchester	£ 575	£-34	£ 206	£ 250	6.5%
HEREFORD AND WORCESTER					
Bromsgrove	£ 517	£-76	£ 164	£ 218	19.7%
Hereford	£ 335	£-92	£ 148	£ 167	26.7%
Leominster	£ 329	£-67	£ 173	£ 180	17.6%
Malvern Hills	£ 485	£-54	£ 186	£ 226	14.1%
Redditch	£ 496	£-46	£ 194	£ 242	9.3%
South Herefordshire	£ 372	£-79	£ 161	£ 178	22.5%
Worcester	£ 477	£-59	£ 182	£ 227	14.2%
Wychavon	£ 531	£-60	£ 180	£ 232	14.6%
Wyre Forest	£ 450	£-46	£ 194	£ 223	10.9%
HERTFORDSHIRE					
Broxbourne	£ 639	£ 26	£ 266	£ 309	-5.6%
Dacorum	£ 699	£ 24	£ 264	£ 335	-5.0%
East Hertfordshire	£ 656	£ 38	£ 279	£ 324	-7.6%
Hertsmere	£ 790	£ 57	£ 297	£ 362	-10.2%
North Hertfordshire	£ 701	£ 40	£ 281	£ 338	-7.9%
St Albans	£ 769	£ 30	£ 270	£ 339	-6.6%
Stevenage	£ 718	£ 88	£ 328	£ 376	-14.4%
Three Rivers	£ 827	£ 44	£ 285	£ 360	-9.5%
Watford	£ 646	£ 43	£ 283	£ 334	-8.0%
Melwyn Hatfield	£ 783	£ 97	£ 337	£ 397	-13.6%

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	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
HUMBERSIDE					
Beverley	£ 613	£ 49	£ 290	£ 306	-18.2%
Boothferry	£ 409	£ 61	£ 301	£ 236	-20.3%
Cleethorpes	£ 497	£ 67	£ 307	£ 298	-20.9%
Glanford	£ 486	£ 48	£ 288	£ 294	-17.5%
Great Grimsby	£ 454	£ 51	£ 291	£ 278	-18.5%
Holderness	£ 494	£ 51	£ 291	£ 288	-18.5%
Kingston upon Hull	£ 394	£ 72	£ 312	£ 228	-22.2%
East Yorkshire	£ 451	£ 70	£ 310	£ 265	-22.4%
Scunthorpe	£ 506	£ 98	£ 338	£ 308	-22.2%
ISLE OF WIGHT					
Medina	£ 451	£ 7	£ 247	£ 252	-7.2%
South Wight	£ 506	£ 20	£ 260	£ 266	-10.4%
KENT					
Ashford	£ 460	£-33	£ 208	£ 232	7.4%
Canterbury	£ 424	£-33	£ 208	£ 223	7.1%
Canterford	£ 420	£-17	£ 223	£ 229	7.2%
Dover	£ 370	£-40	£ 201	£ 207	3.9%
Gillingham	£ 395	£-43	£ 197	£ 207	18.9%
Gravesend	£ 432	£-31	£ 209	£ 228	6.7%
Maidstone	£ 450	£-41	£ 200	£ 221	10.0%
Rochester upon Medway	£ 383	£-67	£ 173	£ 193	17.3%
Sevenoaks	£ 483	£-34	£ 206	£ 235	7.9%
Shepway	£ 482	£-13	£ 227	£ 257	2.6%
Sussex	£ 350	£-29	£ 211	£ 216	6.3%
Thanet	£ 429	£-28	£ 212	£ 233	5.5%
Tonbridge and Malling	£ 446	£-21	£ 219	£ 232	4.2%
Tunbridge Wells	£ 461	£-31	£ 209	£ 230	8.0%
LANCASHIRE					
Blackburn	£ 322	£ 12	£ 252	£ 182	-11.7%
Blackpool	£ 461	£ 6	£ 246	£ 251	-10.6%
Burnley	£ 389	£ 40	£ 280	£ 173	-16.2%
Chorley	£ 429	£-8	£ 233	£ 238	-6.0%
Fylde	£ 525	£-6	£ 234	£ 252	-6.7%
Hyndburn	£ 318	£ 18	£ 259	£ 177	-12.2%
Lancaster	£ 406	£ 2	£ 242	£ 237	-7.3%
Pendle	£ 389	£ 27	£ 267	£ 173	-15.1%
Preston	£ 431	£ 22	£ 263	£ 263	-12.7%
Ribble Valley	£ 440	£ 5	£ 245	£ 236	-7.8%
Rossendale	£ 345	£ 34	£ 275	£ 199	-15.2%
South Ribble	£ 424	£-2	£ 238	£ 243	-7.6%
West Lancashire	£ 522	£-7	£ 253	£ 253	-6.6%
Wyre	£ 456	£-7	£ 234	£ 239	-5.2%

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	Average rate bill per household Col 1	Overspending in each area £ per adult Col 2	Full community charge Col 3	First year safety netted CC Col 4	Change to average poundage Col 5
LEICESTERSHIRE					
Blaby	£ 326	£-22	£ 218	£ 249	.6%
Charnwood	£ 316	£-35	£ 205	£ 236	3.8%
Harborough	£ 593	£ 1	£ 241	£ 277	-4.6%
Hinckley and Bosworth	£ 487	£-18	£ 222	£ 246	-.4%
Leicester	£ 424	£ 53	£ 293	£ 274	-12.5%
Melton	£ 476	£-22	£ 219	£ 242	6.0%
North West Leicestershire	£ 485	£ 4	£ 244	£ 256	-5.7%
Oadby and Wigston	£ 545	£-16	£ 224	£ 256	-.8%
Rutland	£ 555	£-19	£ 221	£ 241	-.1%
LINCOLNSHIRE					
Boston	£ 371	£-43	£ 197	£ 204	7.6%
East Lindsey	£ 359	£-40	£ 200	£ 205	5.7%
Lincoln	£ 340	£-37	£ 204	£ 208	4.8%
North Kesteven	£ 405	£-36	£ 205	£ 210	4.7%
South Holland	£ 383	£-31	£ 209	£ 214	3.6%
South Kesteven	£ 405	£-47	£ 193	£ 209	10.2%
West Lindsey	£ 375	£-27	£ 213	£ 218	2.5%
NORFOLK					
Breckland	£ 411	£-32	£ 209	£ 225	6.6%
Broadland	£ 481	£-32	£ 208	£ 237	6.8%
Great Yarmouth	£ 374	£-20	£ 220	£ 235	3.3%
North Norfolk	£ 397	£-31	£ 210	£ 228	7.7%
Norwich	£ 429	£ 5	£ 246	£ 258	-3.0%
South Norfolk	£ 470	£-31	£ 209	£ 237	6.4%
King's Lynn and West Norfo	£ 374	£-30	£ 210	£ 216	6.8%
NORTHAMPTONSHIRE					
Corby	£ 487	£ 4	£ 244	£ 262	-2.7%
Daventry	£ 581	£-2	£ 238	£ 276	-3.3%
East Northamptonshire	£ 428	£-18	£ 223	£ 237	.5%
Kettering	£ 449	£-1	£ 240	£ 250	-2.9%
Northampton	£ 538	£ 15	£ 255	£ 287	-7.5%
South Northamptonshire	£ 544	£-22	£ 218	£ 262	2.0%
Wellingborough	£ 444	£-21	£ 220	£ 239	1.3%
NORTHUMBERLAND					
Alnwick	£ 441	£ 47	£ 287	£ 274	-15.5%
Berwick-upon-Tweed	£ 380	£ 39	£ 279	£ 253	-15.2%
Blyth Valley	£ 483	£ 79	£ 319	£ 304	-23.5%
Castle Morpeth	£ 607	£ 55	£ 296	£ 302	-17.9%
Tynedale	£ 471	£ 44	£ 284	£ 286	-16.2%
Wansbeck	£ 457	£ 85	£ 325	£ 253	-24.2%

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	Average rate bill per household Col. 1	Overspending in each area £ per adult Col. 2	Full community charge Col. 3	First year safety netted CC Col. 4	Change to average poundage Col. 5
NORTH YORKSHIRE					
Craven	£ 350	£-6	£ 234	£ 215	-3.0%
Hasleholme	£ 438	£-6	£ 234	£ 239	-3.6%
Harrogate	£ 497	£ 17	£ 258	£ 263	-8.6%
Richmondshire	£ 440	£-4	£ 236	£ 216	-4.1%
Ryedale	£ 399	£-4	£ 236	£ 237	-4.1%
Scarborough	£ 360	£ 4	£ 244	£ 225	-5.3%
Selby	£ 408	£ 12	£ 252	£ 230	-4.6%
York	£ 342	£-21	£ 219	£ 194	1.0%
NOTTINGHAMSHIRE					
Ashfield	£ 380	£ 12	£ 253	£ 208	-13.5%
Bassetlaw	£ 435	£ 39	£ 279	£ 243	-16.3%
Broxtowe	£ 486	£ 6	£ 246	£ 251	-11.2%
Gedling	£ 509	£ 6	£ 246	£ 254	-11.5%
Hansfield	£ 410	£ 31	£ 272	£ 243	-14.5%
Newark and Sherwood	£ 462	£ 17	£ 257	£ 260	-12.6%
Nottingham	£ 421	£ 2	£ 242	£ 247	-12.2%
Rushcliffe	£ 364	£ 2	£ 242	£ 262	-11.0%
OXFORDSHIRE					
Cherwell	£ 342	£-23	£ 217	£ 244	-1.0%
Oxford	£ 661	£ 0	£ 240	£ 266	-11.3%
South Oxfordshire	£ 625	£-13	£ 227	£ 274	-2.8%
Vale of White Horse	£ 605	£-25	£ 215	£ 261	.3%
West Oxfordshire	£ 565	£-14	£ 226	£ 251	-2.3%
SHROPSHIRE					
Bridgnorth	£ 456	£-34	£ 206	£ 225	5.3%
North Shropshire	£ 409	£-21	£ 219	£ 224	1.5%
Oswestry	£ 366	£-9	£ 232	£ 237	-2.2%
Shrewsbury and Atcham	£ 462	£-16	£ 224	£ 244	1.2%
South Shropshire	£ 369	£-23	£ 217	£ 223	3.5%
Wrekin	£ 491	£ 18	£ 258	£ 274	-3.4%
SOMERSET					
Mendip	£ 466	£-1	£ 239	£ 249	-3.6%
Sedgemoor	£ 485	£ 5	£ 245	£ 258	-4.4%
Taunton Deane	£ 473	£-0	£ 240	£ 253	-3.0%
West Somerset	£ 464	£ 10	£ 251	£ 268	-5.8%
South Somerset	£ 479	£ 7	£ 247	£ 260	-5.6%

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STAFFORDSHIRE					
Cannock Chase	£ 469	£-7	£ 233	£ 244	-5.5%
East Staffordshire	£ 427	£-26	£ 215	£ 226	-8.0%
Lichfield	£ 593	£-27	£ 213	£ 255	-8.0%
Newcastle-under-Lyme	£ 439	£-13	£ 227	£ 235	-4.4%
South Staffordshire	£ 579	£-31	£ 209	£ 253	.1%
Stafford	£ 498	£-33	£ 207	£ 231	.3%
Staffordshire Moorlands	£ 451	£-13	£ 227	£ 232	-4.1%
Stoke-on-Trent	£ 381	£-16	£ 224	£ 229	-3.3%
Tamworth	£ 490	£-26	£ 214	£ 243	.1%
SUFFOLK					
Babergh	£ 471	£-26	£ 214	£ 236	4.1%
Forest Heath	£ 430	£-36	£ 204	£ 215	7.3%
Ipswich	£ 498	£ 15	£ 255	£ 281	-7.7%
Mid Suffolk	£ 457	£-17	£ 223	£ 234	2.2%
St Edmundsbury	£ 439	£-40	£ 201	£ 218	7.0%
Suffolk Coastal	£ 535	£-10	£ 230	£ 263	.1%
Waveney	£ 411	£-26	£ 214	£ 227	4.2%
SURREY					
Elmbridge	£ 788	£ 43	£ 285	£ 360	.9%
Epsom and Ewell	£ 777	£ 30	£ 270	£ 345	-1.9%
Guildford	£ 631	£-18	£ 222	£ 291	8.1%
Hole Valley	£ 615	£ 18	£ 258	£ 313	6.8%
Reigate and Banstead	£ 667	£ 16	£ 256	£ 327	1.5%
Runnymede	£ 561	£-21	£ 220	£ 273	9.9%
Spelthorne	£ 529	£-24	£ 216	£ 263	15.8%
Surrey Heath	£ 707	£-3	£ 237	£ 312	8.1%
Tandridge	£ 589	£-2	£ 239	£ 288	8.0%
Waverley	£ 672	£-1	£ 239	£ 314	4.7%
Woking	£ 680	£ 48	£ 288	£ 346	3.3%
WARWICKSHIRE					
North Warwickshire	£ 593	£ 62	£ 302	£ 309	-15.9%
Nuneaton and Bedworth	£ 583	£ 48	£ 288	£ 305	-13.8%
Rugby	£ 593	£ 21	£ 261	£ 294	-8.1%
Stratford on Avon	£ 709	£ 8	£ 248	£ 314	-6.3%
Warwick	£ 679	£ 17	£ 257	£ 313	-7.9%

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WEST SUSSEX					
Adur	£ 498	£-8	£ 232	£ 262	-1.1%
Arun	£ 473	£-40	£ 201	£ 239	11.4%
Chichester	£ 494	£-40	£ 200	£ 237	12.4%
Crawley	£ 504	£ 42	£ 283	£ 288	1.1%
Horsham	£ 480	£-56	£ 185	£ 224	15.6%
Mid Sussex	£ 556	£-29	£ 211	£ 251	8.7%
Worthing	£ 446	£-52	£ 188	£ 224	15.0%
WILTSHIRE					
Kennet	£ 477	£-10	£ 230	£ 238	-2.8%
North Wiltshire	£ 455	£ 9	£ 249	£ 252	-7.8%
Salisbury	£ 508	£-20	£ 220	£ 240	-5.3%
Thamesdown	£ 458	£ 31	£ 271	£ 276	-11.2%
West Wiltshire	£ 444	£-5	£ 235	£ 241	-4.9%
ALL PURPOSE AUTHORITY					
Isles of Scilly	£ 351	£-87	£ 153	£ 169	23.4%

DEPARTMENT OF THE ENVIRONMENT

1989/90 ILLUSTRATIVE CAPITAL VALUE RATES AND LOCAL INCOME TAX

1. The attached table illustrates the capital value domestic rates and local income tax rates implied by current levels of local authority rates and Government grants. It illustrates the sorts of bills which occupiers of properties of various values could have faced in 1989/90 if, across the country as a whole, 80% of local authority rate income were raised from capital value rates and 20% from local income tax. These bills are comparable with the illustrative community charges published today.
2. Column 1 shows for each area the rate of capital value domestic rates, per £1000 of rateable value if, across the country, 80% of income were from capital value rates. The higher rates in some areas reflect higher local authority spending in those areas.
3. Column 2 shows the rate of local income tax if across the country 20% of local income from the domestic sector were from local income tax. Higher tax rates in some areas reflect higher local authority spending in those areas.
4. Column 3 shows the illustrative bill with this tax structure for a household with a taxable income of £11,400 and a property value of £30,000. This level of taxable income is equivalent to average male earnings less the single person's tax allowance.
5. Column 4 as column 3, but with property value of £50,000.

6. Column 5 as column 3, but with property value of £80,000.
7. Column 6 as column 3, but with property value of £120,000.
8. Column 7 shows the rate of local income tax if 100% of income from the domestic sector were raised from local income tax.
9. Column 8 shows the tax bill resulting from the local income tax rates in column 7, for a single adult with average male earnings and the single person's tax allowance.

Department of the Environment

19 July 1989

DOC364LP

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
2. Illustrative bills are based on a taxable income of £11400.

	Capital value rate per £1000 Col 1	Local income tax rate Col 2	Illustrative bill with				Full Local Income Tax -	
			property value of £30,000 Col 3	property value of £50,000 Col 4	property value of £80,000 Col 5	property value of £120,000 Col 6	Full local income tax rate Col 7	Single adult tax bill Col 8
England	£ 6.8	1.3p	£ 356	£ 492	£ 695	£ 965	6.7p	£ 767
Inner London	£ 13.6	2.9p	£ 738	£ 1,009	£ 1,417	£ 1,960	14.5p	£ 1,653
Outer London	£ 7.4	1.5p	£ 391	£ 539	£ 760	£ 1,055	7.5p	£ 850
Metropolitan Areas	£ 7.2	1.4p	£ 381	£ 525	£ 741	£ 1,028	7.2p	£ 823
Shire Areas	£ 6.0	1.2p	£ 312	£ 431	£ 610	£ 849	5.8p	£ 663

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
2. Illustrative bills are based on a taxable income of £11400.

	Illustrative bill with						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full local	Single
	value rate per £1000 Col 1	income tax rate Col 2	value of £30,000 Col 3	value of £50,000 Col 4	value of £80,000 Col 5	value of £120,000 Col 6	income tax rate Col 7	adult tax bill Col 8
GREATER LONDON								
City of London	£ 834.0	67.6p	£ 32,731	£ 49,410	£ 74,430	£ 107,789	338.2p	£ 38,557
Caden	£ 15.4	3.2p	£ 824	£ 1,133	£ 1,596	£ 2,214	15.8p	£ 1,805
Greenwich	£ 11.3	3.1p	£ 694	£ 920	£ 1,259	£ 1,712	15.5p	£ 1,770
Hackney	£ 11.3	3.0p	£ 681	£ 907	£ 1,247	£ 1,700	14.9p	£ 1,704
Hammersmith and Fulham	£ 13.8	3.6p	£ 820	£ 1,096	£ 1,511	£ 2,063	17.8p	£ 2,027
Islington	£ 14.9	3.6p	£ 860	£ 1,158	£ 1,605	£ 2,201	18.1p	£ 2,065
Kensington and Chelsea	£ 8.6	1.7p	£ 456	£ 627	£ 884	£ 1,227	8.7p	£ 993
Leameth	£ 11.1	2.9p	£ 662	£ 884	£ 1,218	£ 1,663	14.4p	£ 1,641
Lewisham	£ 9.3	2.7p	£ 582	£ 768	£ 1,046	£ 1,417	13.3p	£ 1,519
Southwark	£ 11.5	2.9p	£ 675	£ 904	£ 1,247	£ 1,706	14.5p	£ 1,655
Tower Hamlets	£ 11.1	2.7p	£ 639	£ 860	£ 1,192	£ 1,635	13.5p	£ 1,534
Wandsworth	£ 6.2	1.9p	£ 407	£ 531	£ 718	£ 967	9.7p	£ 1,102
Westminster	£ 22.1	2.1p	£ 901	£ 1,343	£ 2,006	£ 2,890	10.4p	£ 1,190
Barking and Dagenham	£ 6.3	1.2p	£ 329	£ 454	£ 642	£ 892	6.2p	£ 704
Barnet	£ 5.8	1.1p	£ 300	£ 415	£ 588	£ 818	5.6p	£ 638
Bexley	£ 6.1	1.2p	£ 321	£ 443	£ 626	£ 871	6.0p	£ 686
Brent	£ 13.7	3.0p	£ 749	£ 1,024	£ 1,437	£ 1,987	14.8p	£ 1,685
Bromley	£ 4.6	.8p	£ 234	£ 325	£ 462	£ 645	4.2p	£ 483
Croydon	£ 4.2	.8p	£ 213	£ 297	£ 424	£ 592	3.8p	£ 435
Ealing	£ 8.2	1.7p	£ 440	£ 605	£ 852	£ 1,181	8.4p	£ 963
Enfield	£ 6.7	1.3p	£ 353	£ 487	£ 688	£ 956	6.7p	£ 762
Haringey	£ 15.4	3.3p	£ 844	£ 1,152	£ 1,615	£ 2,232	16.7p	£ 1,905
Harrow	£ 6.2	1.2p	£ 324	£ 448	£ 634	£ 881	6.1p	£ 694
Havering	£ 5.3	1.0p	£ 277	£ 384	£ 544	£ 757	5.1p	£ 584
Hillingdon	£ 8.3	1.7p	£ 442	£ 607	£ 855	£ 1,186	8.3p	£ 967
Hounslow	£ 9.9	2.1p	£ 533	£ 730	£ 1,027	£ 1,423	10.3p	£ 1,179
Kingston-upon-Thames	£ 6.8	1.4p	£ 357	£ 493	£ 696	£ 967	6.8p	£ 771
Merton	£ 5.8	1.1p	£ 303	£ 419	£ 593	£ 826	5.7p	£ 645
Newham	£ 10.7	2.3p	£ 580	£ 794	£ 1,116	£ 1,546	11.3p	£ 1,290
Redbridge	£ 4.5	.8p	£ 232	£ 323	£ 459	£ 640	4.2p	£ 479
Richmond-upon-Thames	£ 6.3	1.2p	£ 329	£ 454	£ 642	£ 893	6.2p	£ 705
Sutton	£ 6.3	1.2p	£ 329	£ 454	£ 642	£ 893	6.2p	£ 705
Waltham Forest	£ 8.3	1.7p	£ 444	£ 610	£ 859	£ 1,192	8.5p	£ 973

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
2. Illustrative bills are based on a taxable income of £11400.

	Illustrative bill with						Full Local Income Tax -	
	Capital value rate per £000 Col 1	Local income tax rate Col 2	property value of £30,000 Col 3	property value of £50,000 Col 4	property value of £80,000 Col 5	property value of £120,000 Col 6	Full local income tax rate Col 7	Single adult tax bill Col 8
GREATER MANCHESTER								
Bolton	£ 6.0	1.2p	£ 313	£ 432	£ 611	£ 850	5.9p	£ 667
Bury	£ 7.1	1.4p	£ 376	£ 518	£ 731	£ 1,015	7.1p	£ 815
Manchester	£ 9.8	2.0p	£ 527	£ 723	£ 1,018	£ 1,411	10.2p	£ 1,158
Oldham	£ 6.7	1.3p	£ 355	£ 490	£ 692	£ 961	6.7p	£ 768
Rochdale	£ 7.8	1.6p	£ 417	£ 574	£ 808	£ 1,121	8.0p	£ 911
Salford	£ 7.2	1.5p	£ 383	£ 528	£ 745	£ 1,034	7.3p	£ 828
Stockport	£ 6.0	1.2p	£ 312	£ 431	£ 610	£ 849	5.8p	£ 662
Tameside	£ 7.3	1.5p	£ 388	£ 534	£ 753	£ 1,046	7.4p	£ 845
Trafford	£ 5.5	1.0p	£ 281	£ 391	£ 555	£ 774	5.1p	£ 585
Wigan	£ 7.5	1.5p	£ 397	£ 546	£ 770	£ 1,069	7.6p	£ 865
MERSEYSIDE								
Knowsley	£ 7.4	1.5p	£ 394	£ 543	£ 767	£ 1,064	7.5p	£ 854
Liverpool	£ 8.7	1.8p	£ 466	£ 640	£ 902	£ 1,251	8.9p	£ 1,019
St Helens	£ 6.7	1.3p	£ 354	£ 488	£ 689	£ 957	6.7p	£ 763
Sefton	£ 6.0	1.2p	£ 313	£ 432	£ 611	£ 850	5.9p	£ 667
Wirral	£ 8.4	1.7p	£ 451	£ 620	£ 873	£ 1,211	8.7p	£ 989
SOUTH YORKSHIRE								
Barnsley	£ 7.8	1.6p	£ 418	£ 574	£ 808	£ 1,121	8.0p	£ 916
Doncaster	£ 8.2	1.7p	£ 440	£ 604	£ 852	£ 1,181	8.4p	£ 961
Rotherham	£ 8.0	1.6p	£ 426	£ 586	£ 826	£ 1,145	8.2p	£ 933
Sheffield	£ 9.4	1.9p	£ 504	£ 692	£ 974	£ 1,351	9.7p	£ 1,105
TYNE AND WEAR								
Gateshead	£ 8.0	1.6p	£ 426	£ 586	£ 826	£ 1,146	8.2p	£ 930
Newcastle upon Tyne	£ 8.1	1.6p	£ 429	£ 591	£ 834	£ 1,157	8.2p	£ 934
North Tyneside	£ 8.7	1.8p	£ 467	£ 641	£ 903	£ 1,252	9.0p	£ 1,024
South Tyneside	£ 7.3	1.5p	£ 387	£ 533	£ 753	£ 1,045	7.4p	£ 841
Sunderland	£ 6.8	1.4p	£ 357	£ 492	£ 696	£ 966	6.8p	£ 770
WEST MIDLANDS								
Birmingham	£ 5.9	1.1p	£ 308	£ 426	£ 603	£ 839	5.7p	£ 653
Coventry	£ 7.2	1.4p	£ 379	£ 522	£ 736	£ 1,022	7.2p	£ 819
Dudley	£ 5.7	1.1p	£ 295	£ 408	£ 578	£ 804	5.5p	£ 623
Sandwell	£ 5.5	1.1p	£ 287	£ 398	£ 564	£ 786	5.3p	£ 606
Solihull	£ 4.8	.9p	£ 246	£ 342	£ 486	£ 678	4.5p	£ 509
Walsall	£ 6.3	1.2p	£ 330	£ 456	£ 643	£ 896	6.2p	£ 706
Wolverhampton	£ 5.7	1.1p	£ 296	£ 410	£ 581	£ 808	5.5p	£ 625
WEST YORKSHIRE								
Bradford	£ 7.2	1.4p	£ 379	£ 522	£ 736	£ 1,022	7.2p	£ 822
Calderdale	£ 8.8	1.8p	£ 471	£ 646	£ 909	£ 1,259	9.1p	£ 1,040
Kirklees	£ 7.5	1.5p	£ 403	£ 554	£ 780	£ 1,082	7.7p	£ 881
Leeds	£ 6.4	1.2p	£ 332	£ 460	£ 651	£ 906	6.2p	£ 704
Wakefield	£ 7.6	1.5p	£ 404	£ 557	£ 786	£ 1,091	7.7p	£ 878

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
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	Illustrative bill with						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full Local	Single
	value rate	income	value of	value of	value of	value of	income	adult
	per £1000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
AVON								
Bath	£ 6.8	1.4p	£ 358	£ 493	£ 697	£ 968	6.8p	£ 772
Bristol	£ 8.2	1.7p	£ 436	£ 601	£ 848	£ 1,178	8.3p	£ 942
Kingswood	£ 6.1	1.2p	£ 326	£ 448	£ 631	£ 876	6.2p	£ 711
Northavon	£ 6.9	1.4p	£ 364	£ 503	£ 712	£ 989	6.9p	£ 790
Wansdyke	£ 6.2	1.2p	£ 328	£ 452	£ 637	£ 885	6.2p	£ 712
Woodspring	£ 6.7	1.4p	£ 358	£ 493	£ 694	£ 963	6.9p	£ 782
BEDFORDSHIRE								
North Bedfordshire	£ 6.4	1.3p	£ 337	£ 465	£ 656	£ 912	6.4p	£ 725
Luton	£ 6.8	1.3p	£ 353	£ 488	£ 691	£ 961	6.8p	£ 749
Mid Bedfordshire	£ 6.5	1.3p	£ 348	£ 478	£ 674	£ 934	6.7p	£ 761
South Bedfordshire	£ 7.2	1.4p	£ 378	£ 522	£ 738	£ 1,026	7.1p	£ 813
BERKSHIRE								
Bracknell	£ 5.1	1.0p	£ 262	£ 365	£ 518	£ 722	4.8p	£ 546
Newbury	£ 5.1	1.0p	£ 263	£ 366	£ 520	£ 725	4.8p	£ 546
Reading	£ 5.9	1.2p	£ 309	£ 427	£ 605	£ 841	5.8p	£ 660
Slough	£ 4.7	.9p	£ 245	£ 340	£ 482	£ 672	4.5p	£ 515
Windsor and Maidenhead	£ 5.2	1.0p	£ 272	£ 377	£ 534	£ 744	5.0p	£ 572
Wokingham	£ 5.6	1.1p	£ 287	£ 399	£ 566	£ 799	5.3p	£ 601
BUCKINGHAMSHIRE								
Aylesbury Vale	£ 5.4	1.0p	£ 281	£ 389	£ 551	£ 768	5.2p	£ 591
South Bucks	£ 5.6	1.1p	£ 288	£ 399	£ 566	£ 788	5.3p	£ 606
Chiltern	£ 5.9	1.2p	£ 310	£ 429	£ 607	£ 845	5.8p	£ 659
Milton Keynes	£ 6.2	1.2p	£ 323	£ 446	£ 632	£ 878	6.0p	£ 689
Wycombe	£ 5.8	1.1p	£ 300	£ 415	£ 588	£ 818	5.6p	£ 634
CAMBRIDGESHIRE								
Cambridge	£ 5.3	1.1p	£ 304	£ 419	£ 592	£ 823	5.7p	£ 655
East Cambridgeshire	£ 5.2	1.0p	£ 266	£ 370	£ 526	£ 734	4.8p	£ 550
Fenland	£ 5.4	1.0p	£ 280	£ 388	£ 551	£ 769	5.1p	£ 583
Huntingdonshire	£ 5.2	1.0p	£ 266	£ 370	£ 526	£ 733	4.9p	£ 554
Peterborough	£ 6.1	1.2p	£ 318	£ 439	£ 622	£ 865	6.0p	£ 678
South Cambridgeshire	£ 4.7	.9p	£ 242	£ 337	£ 479	£ 668	4.4p	£ 501
CHESHIRE								
Chester	£ 6.0	1.2p	£ 315	£ 436	£ 617	£ 858	5.9p	£ 670
Congleton	£ 5.9	1.2p	£ 310	£ 428	£ 606	£ 844	5.8p	£ 659
Crewe and Nantwich	£ 6.5	1.3p	£ 339	£ 468	£ 662	£ 920	6.4p	£ 727
Ellesmere Port and Neston	£ 6.3	1.2p	£ 332	£ 458	£ 648	£ 902	6.2p	£ 707
Halton	£ 6.1	1.2p	£ 320	£ 443	£ 627	£ 872	6.0p	£ 683
Macclesfield	£ 5.8	1.1p	£ 302	£ 418	£ 592	£ 825	5.6p	£ 640
Vale Royal	£ 6.0	1.2p	£ 311	£ 430	£ 609	£ 847	5.8p	£ 661
Warrington	£ 6.2	1.2p	£ 325	£ 449	£ 636	£ 884	6.1p	£ 694

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			property value of £30,000 Col 3	property value of £50,000 Col 4	property value of £80,000 Col 5	property value of £120,000 Col 6	Full Local income tax rate Col 7	Single adult tax bill Col 8
CLEVELAND								
Hartlepool	£ 7.6	1.6p	£ 405	£ 557	£ 784	£ 1,086	7.8p	£ 890
Langbaungh-on-Tees	£ 8.7	1.7p	£ 459	£ 632	£ 892	£ 1,238	8.7p	£ 995
Middlesbrough	£ 7.5	1.5p	£ 399	£ 548	£ 772	£ 1,070	7.7p	£ 877
Stockton-on-Tees	£ 7.9	1.6p	£ 416	£ 574	£ 810	£ 1,124	7.9p	£ 902
CORNWALL								
Caradon	£ 5.4	1.0p	£ 281	£ 390	£ 553	£ 771	5.1p	£ 587
Carrick	£ 5.4	1.0p	£ 281	£ 389	£ 551	£ 767	5.2p	£ 595
Kerrier	£ 5.4	1.0p	£ 280	£ 388	£ 551	£ 768	5.1p	£ 584
North Cornwall	£ 5.4	1.0p	£ 281	£ 390	£ 553	£ 770	5.2p	£ 591
Penwith	£ 5.3	1.0p	£ 273	£ 378	£ 537	£ 749	5.0p	£ 569
Restormel	£ 5.1	1.0p	£ 265	£ 367	£ 520	£ 724	4.9p	£ 560
CUMBRIA								
Allendale	£ 6.7	1.4p	£ 357	£ 491	£ 693	£ 962	6.8p	£ 775
Barrow in Furness	£ 7.2	1.5p	£ 384	£ 528	£ 743	£ 1,031	7.4p	£ 840
Carlisle	£ 7.0	1.4p	£ 367	£ 507	£ 717	£ 996	6.9p	£ 790
Copeland	£ 7.3	1.4p	£ 381	£ 527	£ 745	£ 1,036	7.1p	£ 814
Eden	£ 6.7	1.3p	£ 354	£ 489	£ 691	£ 960	6.7p	£ 762
South Lakeland	£ 6.7	1.3p	£ 350	£ 484	£ 684	£ 952	6.6p	£ 749
DERBYSHIRE								
Amber Valley	£ 7.0	1.4p	£ 372	£ 513	£ 723	£ 1,004	7.1p	£ 810
Bolsover	£ 7.5	1.4p	£ 404	£ 553	£ 776	£ 1,074	7.9p	£ 901
Chesterfield	£ 7.5	1.5p	£ 398	£ 548	£ 774	£ 1,076	7.5p	£ 860
Derby	£ 7.3	1.4p	£ 379	£ 525	£ 744	£ 1,036	7.0p	£ 801
Erewash	£ 7.2	1.5p	£ 380	£ 525	£ 758	£ 1,024	7.3p	£ 827
High Peak	£ 7.5	1.5p	£ 401	£ 552	£ 778	£ 1,079	7.7p	£ 877
North East Derbyshire	£ 7.6	1.6p	£ 409	£ 561	£ 789	£ 1,092	8.0p	£ 909
South Derbyshire	£ 7.3	1.4p	£ 382	£ 529	£ 749	£ 1,043	7.1p	£ 812
Derbyshire Dales	£ 7.3	1.5p	£ 390	£ 536	£ 755	£ 1,048	7.5p	£ 853
DEVON								
East Devon	£ 5.0	.9p	£ 257	£ 357	£ 507	£ 708	4.7p	£ 531
Exeter	£ 4.8	.9p	£ 250	£ 346	£ 490	£ 681	4.7p	£ 532
North Devon	£ 5.5	1.0p	£ 281	£ 390	£ 554	£ 772	5.1p	£ 586
Plymouth	£ 5.1	1.0p	£ 261	£ 362	£ 514	£ 716	4.8p	£ 547
South Hams	£ 5.5	1.0p	£ 283	£ 392	£ 556	£ 775	5.2p	£ 593
Telgornbridge	£ 5.5	1.0p	£ 281	£ 390	£ 554	£ 772	5.2p	£ 588
Mid Devon	£ 5.4	1.0p	£ 279	£ 388	£ 551	£ 769	5.1p	£ 579
Torbay	£ 5.4	1.1p	£ 281	£ 389	£ 550	£ 765	5.3p	£ 600
Torridge	£ 5.6	1.0p	£ 288	£ 401	£ 570	£ 796	5.2p	£ 595
West Devon	£ 5.4	1.0p	£ 276	£ 384	£ 546	£ 762	5.0p	£ 572

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	Capital	Local	property	property	property	property	Full local	Single
	value rate	income	value of	value of	value of	value of	income	adult
	per £000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
DORSET								
Bournemouth	£ 4.9	.9p	£ 235	£ 354	£ 502	£ 699	4.7p	£ 536
Christchurch	£ 4.9	.9p	£ 235	£ 354	£ 502	£ 699	4.7p	£ 537
North Dorset	£ 5.1	.9p	£ 257	£ 358	£ 511	£ 713	4.6p	£ 525
Poole	£ 4.8	.9p	£ 248	£ 343	£ 487	£ 678	4.6p	£ 521
Purbeck	£ 4.8	.9p	£ 245	£ 341	£ 485	£ 677	4.4p	£ 503
West Dorset	£ 5.0	.9p	£ 253	£ 352	£ 502	£ 701	4.5p	£ 517
Weymouth and Portland	£ 5.2	1.0p	£ 266	£ 370	£ 527	£ 736	4.8p	£ 545
East Dorset	£ 5.4	1.0p	£ 278	£ 386	£ 547	£ 762	5.1p	£ 585
DURHAM								
Chester-le-Street	£ 6.7	1.3p	£ 353	£ 487	£ 688	£ 956	6.7p	£ 761
Carlton	£ 7.2	1.4p	£ 380	£ 525	£ 742	£ 1,031	7.2p	£ 818
Derwentside	£ 7.5	1.5p	£ 397	£ 547	£ 771	£ 1,071	7.6p	£ 865
Durham	£ 7.0	1.4p	£ 371	£ 511	£ 722	£ 1,003	7.0p	£ 799
Easington	£ 6.8	1.4p	£ 358	£ 493	£ 696	£ 967	6.8p	£ 773
Sedgefield	£ 7.8	1.6p	£ 416	£ 573	£ 808	£ 1,121	7.9p	£ 904
Teesdale	£ 6.1	1.2p	£ 320	£ 442	£ 625	£ 869	6.0p	£ 683
Wear Valley	£ 7.8	1.6p	£ 416	£ 573	£ 808	£ 1,121	8.0p	£ 908
EAST SUSSEX								
Brighton	£ 7.1	1.4p	£ 378	£ 521	£ 734	£ 1,020	7.2p	£ 821
Eastbourne	£ 5.7	1.1p	£ 297	£ 410	£ 581	£ 808	5.5p	£ 631
Hastings	£ 5.7	1.1p	£ 293	£ 406	£ 576	£ 802	5.4p	£ 616
Hove	£ 5.3	1.0p	£ 275	£ 382	£ 541	£ 753	5.1p	£ 580
Lewes	£ 5.5	1.1p	£ 293	£ 405	£ 575	£ 800	5.4p	£ 618
Rother	£ 5.7	1.1p	£ 293	£ 406	£ 576	£ 802	5.4p	£ 618
Wealden	£ 5.8	1.1p	£ 301	£ 418	£ 592	£ 825	5.6p	£ 634
ESSEX								
Basildon	£ 8.7	1.8p	£ 464	£ 638	£ 899	£ 1,246	8.9p	£ 1,017
Braintree	£ 6.0	1.2p	£ 315	£ 435	£ 616	£ 857	5.9p	£ 672
Brentwood	£ 8.1	1.7p	£ 432	£ 595	£ 839	£ 1,164	8.3p	£ 942
Castle Point	£ 5.8	1.1p	£ 303	£ 420	£ 594	£ 826	5.7p	£ 645
Chelmsford	£ 5.9	1.1p	£ 305	£ 423	£ 599	£ 833	5.7p	£ 647
Colchester	£ 5.8	1.1p	£ 303	£ 420	£ 594	£ 826	5.7p	£ 645
Epping Forest	£ 5.9	1.1p	£ 306	£ 424	£ 601	£ 837	5.7p	£ 648
Harlow	£ 10.0	2.1p	£ 535	£ 734	£ 1,033	£ 1,431	10.3p	£ 1,180
Raidon	£ 5.9	1.1p	£ 307	£ 425	£ 602	£ 837	5.7p	£ 654
Rochford	£ 6.0	1.2p	£ 316	£ 437	£ 618	£ 860	5.9p	£ 674
Southend-on-Sea	£ 6.0	1.2p	£ 314	£ 434	£ 615	£ 855	5.9p	£ 668
Tendring	£ 6.0	1.2p	£ 315	£ 435	£ 616	£ 856	5.9p	£ 674
Thurrock	£ 7.8	1.6p	£ 414	£ 570	£ 805	£ 1,118	7.9p	£ 896
Uttlesford	£ 6.1	1.2p	£ 321	£ 444	£ 628	£ 873	6.0p	£ 686

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 Local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
2. Illustrative bills are based on a taxable income of £11400.

	----- Illustrative bill with -----						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full local	Single
	value rate	income	value of	value of	value of	value of	income	adult
	per £1000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
GLOUCESTERSHIRE								
Cheltenham	£ 5.2	1.0p	£ 273	£ 378	£ 535	£ 745	5.1p	£ 580
Cotswold	£ 5.5	1.1p	£ 285	£ 394	£ 559	£ 779	5.3p	£ 599
Forest of Dean	£ 5.7	1.1p	£ 295	£ 409	£ 581	£ 810	5.4p	£ 616
Gloucester	£ 5.2	1.0p	£ 268	£ 372	£ 528	£ 735	4.9p	£ 564
Stroud	£ 5.8	1.1p	£ 301	£ 417	£ 591	£ 823	5.6p	£ 634
Tewkesbury	£ 5.1	1.0p	£ 261	£ 363	£ 515	£ 717	4.8p	£ 546
HAMPSHIRE								
Basingstoke and Deane	£ 4.2	.8p	£ 215	£ 299	£ 424	£ 592	3.9p	£ 446
East Hampshire	£ 5.1	.9p	£ 262	£ 364	£ 518	£ 723	4.7p	£ 539
Eastleigh	£ 4.9	.9p	£ 254	£ 353	£ 501	£ 699	4.7p	£ 532
Fareham	£ 4.9	.9p	£ 248	£ 345	£ 490	£ 685	4.5p	£ 512
Gosport	£ 4.9	.9p	£ 246	£ 343	£ 489	£ 684	4.4p	£ 501
Hart	£ 5.2	1.0p	£ 267	£ 371	£ 528	£ 736	4.8p	£ 553
Havant	£ 4.8	.9p	£ 246	£ 343	£ 488	£ 682	4.4p	£ 505
New Forest	£ 5.0	.9p	£ 259	£ 359	£ 510	£ 711	4.7p	£ 541
Portsmouth	£ 5.1	1.0p	£ 264	£ 366	£ 520	£ 726	4.8p	£ 547
Rushmore	£ 4.5	.9p	£ 232	£ 322	£ 458	£ 638	4.3p	£ 485
Southampton	£ 4.8	.9p	£ 248	£ 344	£ 489	£ 681	4.6p	£ 519
Test Valley	£ 4.7	.9p	£ 238	£ 331	£ 471	£ 657	4.3p	£ 490
Winchester	£ 5.1	1.0p	£ 261	£ 363	£ 515	£ 718	4.8p	£ 545
HEREFORD AND WORCESTER								
Bromsgrove	£ 4.1	.7p	£ 204	£ 285	£ 407	£ 570	3.6p	£ 408
Hereford	£ 3.6	.6p	£ 180	£ 252	£ 360	£ 505	3.1p	£ 356
Leominster	£ 4.7	.8p	£ 228	£ 323	£ 464	£ 653	3.8p	£ 433
Malvern Hills	£ 4.8	.8p	£ 239	£ 335	£ 479	£ 671	4.2p	£ 478
Redditch	£ 4.5	.9p	£ 239	£ 329	£ 465	£ 646	4.5p	£ 515
South Herefordshire	£ 4.3	.7p	£ 209	£ 295	£ 425	£ 598	3.5p	£ 395
Worcester	£ 4.1	.8p	£ 217	£ 300	£ 424	£ 590	4.1p	£ 466
Wychavon	£ 4.3	.8p	£ 222	£ 308	£ 438	£ 611	4.0p	£ 460
Wyre Forest	£ 4.7	.9p	£ 243	£ 338	£ 480	£ 670	4.4p	£ 506
HERTFORDSHIRE								
Broxbourne	£ 6.4	1.3p	£ 340	£ 469	£ 662	£ 920	6.5p	£ 736
Dacorum	£ 6.5	1.3p	£ 341	£ 472	£ 667	£ 927	6.4p	£ 730
East Hertfordshire	£ 6.7	1.4p	£ 357	£ 491	£ 692	£ 961	6.8p	£ 777
Hertsuere	£ 7.3	1.5p	£ 388	£ 535	£ 755	£ 1,049	7.3p	£ 838
North Hertfordshire	£ 6.9	1.4p	£ 362	£ 499	£ 705	£ 980	6.9p	£ 782
St Albans	£ 6.6	1.3p	£ 349	£ 482	£ 681	£ 946	6.6p	£ 750
Stevenage	£ 8.1	1.6p	£ 429	£ 592	£ 835	£ 1,159	8.2p	£ 931
Three Rivers	£ 6.9	1.4p	£ 367	£ 505	£ 712	£ 988	7.0p	£ 799
Watford	£ 7.1	1.4p	£ 373	£ 515	£ 730	£ 1,016	6.9p	£ 791
Welwyn Hatfield	£ 8.4	1.7p	£ 447	£ 615	£ 868	£ 1,205	8.5p	£ 971

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
2. Illustrative bills are based on a taxable income of £11400.

	Illustrative bill with						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full Local	Single
	value rate per £000 Col 1	income tax rate Col 2	value of £30,000 Col 3	value of £50,000 Col 4	value of £80,000 Col 5	value of £120,000 Col 6	income tax rate Col 7	adult tax bill Col 8
HUMBERSIDE								
Beverley	£ 7.1	1.4p	£ 375	£ 517	£ 729	£ 1,012	7.2p	£ 815
Boothferry	£ 7.1	1.5p	£ 383	£ 525	£ 739	£ 1,023	7.4p	£ 849
Cleethorpes	£ 7.6	1.5p	£ 402	£ 555	£ 783	£ 1,088	7.6p	£ 870
Glanford	£ 7.2	1.4p	£ 378	£ 522	£ 738	£ 1,026	7.1p	£ 808
Great Grimsby	£ 7.2	1.4p	£ 380	£ 524	£ 741	£ 1,030	7.1p	£ 814
Holderness	£ 7.0	1.4p	£ 374	£ 515	£ 735	£ 1,037	7.2p	£ 818
Kingston upon Hull	£ 7.6	1.5p	£ 403	£ 554	£ 781	£ 1,084	7.7p	£ 878
East Yorkshire	£ 7.4	1.6p	£ 398	£ 546	£ 768	£ 1,063	7.8p	£ 884
Scunthorpe	£ 9.0	1.7p	£ 461	£ 640	£ 909	£ 1,268	8.4p	£ 961
ISLE OF WIGHT								
Medina	£ 6.1	1.2p	£ 318	£ 440	£ 622	£ 866	5.9p	£ 677
South Wight	£ 6.4	1.3p	£ 337	£ 465	£ 657	£ 914	6.3p	£ 722
KENT								
Asinford	£ 5.1	1.0p	£ 263	£ 365	£ 519	£ 723	4.8p	£ 549
Canterbury	£ 5.2	1.0p	£ 265	£ 369	£ 524	£ 732	4.8p	£ 547
Dartford	£ 5.3	1.1p	£ 279	£ 385	£ 544	£ 756	5.3p	£ 600
Dover	£ 5.1	.9p	£ 257	£ 358	£ 509	£ 712	4.6p	£ 524
Gillingham	£ 5.0	.9p	£ 253	£ 352	£ 501	£ 700	4.6p	£ 519
Gravesend	£ 5.1	1.0p	£ 264	£ 365	£ 518	£ 722	4.9p	£ 554
Maidstone	£ 4.9	.9p	£ 251	£ 349	£ 496	£ 692	4.6p	£ 522
Rochester upon Medway	£ 4.1	.8p	£ 211	£ 292	£ 415	£ 578	3.9p	£ 443
Sevenoaks	£ 5.1	1.0p	£ 262	£ 364	£ 517	£ 721	4.8p	£ 545
Shepway	£ 5.4	1.1p	£ 285	£ 394	£ 557	£ 774	5.4p	£ 611
Swale	£ 5.3	1.0p	£ 271	£ 377	£ 537	£ 749	4.9p	£ 560
Thanet	£ 5.3	1.0p	£ 272	£ 378	£ 537	£ 750	4.9p	£ 562
Tonbridge and Malling	£ 5.3	1.0p	£ 278	£ 384	£ 543	£ 758	5.1p	£ 586
Tunbridge Wells	£ 5.2	1.0p	£ 266	£ 369	£ 525	£ 731	4.9p	£ 554
LANCASHIRE								
Blackburn	£ 6.2	1.2p	£ 324	£ 447	£ 633	£ 881	6.1p	£ 690
Blackpool	£ 6.0	1.2p	£ 316	£ 436	£ 617	£ 858	5.9p	£ 674
Burnley	£ 6.9	1.4p	£ 362	£ 499	£ 706	£ 981	6.8p	£ 779
Chorley	£ 5.7	1.1p	£ 298	£ 413	£ 585	£ 814	5.5p	£ 630
Fylde	£ 5.7	1.1p	£ 298	£ 412	£ 584	£ 813	5.6p	£ 633
Hyndburn	£ 6.4	1.2p	£ 334	£ 462	£ 654	£ 909	6.2p	£ 712
Lancaster	£ 5.9	1.2p	£ 310	£ 428	£ 606	£ 843	5.8p	£ 659
Pendle	£ 6.6	1.3p	£ 346	£ 478	£ 676	£ 940	6.5p	£ 738
Preston	£ 6.4	1.3p	£ 337	£ 465	£ 658	£ 914	6.4p	£ 724
Ribble Valley	£ 6.0	1.2p	£ 315	£ 436	£ 617	£ 859	5.9p	£ 671
Rossendale	£ 6.8	1.3p	£ 355	£ 490	£ 693	£ 964	6.7p	£ 761
South Ribble	£ 5.8	1.1p	£ 305	£ 422	£ 597	£ 831	5.7p	£ 647
West Lancashire	£ 5.7	1.1p	£ 297	£ 411	£ 582	£ 810	5.5p	£ 631
Wyre	£ 5.7	1.1p	£ 298	£ 413	£ 585	£ 815	5.5p	£ 632

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
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	----- Illustrative bill with -----						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full local	Single
	value rate	Income	value of	value of	value of	value of	Income	adult
	per £000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
LEICESTERSHIRE								
Blaby	£ 5.4	1.0p	£ 278	£ 386	£ 547	£ 763	5.1p	£ 583
Charnwood	£ 5.1	1.0p	£ 260	£ 361	£ 513	£ 715	4.8p	£ 542
Harborough	£ 5.9	1.2p	£ 309	£ 428	£ 606	£ 844	5.8p	£ 656
Hinckley and Bosworth	£ 5.5	1.0p	£ 283	£ 393	£ 557	£ 776	5.2p	£ 596
Leicester	£ 7.1	1.4p	£ 378	£ 520	£ 735	£ 1,020	7.2p	£ 818
Melton	£ 5.4	1.0p	£ 278	£ 386	£ 547	£ 762	5.1p	£ 584
North West Leicesters	£ 6.0	1.2p	£ 314	£ 434	£ 614	£ 855	5.9p	£ 667
Oadby and Wigston	£ 5.5	1.1p	£ 286	£ 396	£ 562	£ 782	5.3p	£ 602
Rutland	£ 5.5	1.0p	£ 283	£ 392	£ 556	£ 774	5.2p	£ 593
LINCOLNSHIRE								
Boston	£ 4.8	.9p	£ 246	£ 341	£ 484	£ 675	4.5p	£ 512
East Lindsey	£ 4.9	.9p	£ 252	£ 350	£ 497	£ 694	4.6p	£ 522
Lincoln	£ 4.8	.9p	£ 252	£ 349	£ 494	£ 687	4.7p	£ 536
North Kesteven	£ 5.1	.9p	£ 262	£ 365	£ 519	£ 725	4.7p	£ 537
South Holland	£ 5.2	1.0p	£ 266	£ 370	£ 526	£ 734	4.8p	£ 550
South Kesteven	£ 4.7	.9p	£ 241	£ 335	£ 475	£ 662	4.4p	£ 504
West Lindsey	£ 5.3	1.0p	£ 273	£ 380	£ 539	£ 752	5.0p	£ 568
NORFOLK								
Breckland	£ 5.2	1.0p	£ 266	£ 370	£ 525	£ 733	4.8p	£ 551
Broadland	£ 5.2	1.0p	£ 266	£ 371	£ 527	£ 736	4.8p	£ 549
Great Yarmouth	£ 5.4	1.0p	£ 279	£ 386	£ 548	£ 763	5.2p	£ 588
North Norfolk	£ 5.2	1.0p	£ 266	£ 370	£ 526	£ 734	4.8p	£ 551
Norwich	£ 5.7	1.2p	£ 306	£ 421	£ 593	£ 822	5.9p	£ 671
South Norfolk	£ 5.2	1.0p	£ 268	£ 372	£ 530	£ 739	4.8p	£ 553
King's Lynn and West	£ 5.2	1.0p	£ 266	£ 369	£ 523	£ 730	4.9p	£ 554
NORTHAMPTONSHIRE								
Corby	£ 6.0	1.2p	£ 313	£ 434	£ 614	£ 854	5.8p	£ 667
Deventry	£ 5.9	1.1p	£ 305	£ 422	£ 598	£ 832	5.7p	£ 648
East Northamptonshire	£ 5.5	1.0p	£ 284	£ 393	£ 557	£ 776	5.2p	£ 597
Kettering	£ 5.9	1.1p	£ 307	£ 424	£ 601	£ 836	5.7p	£ 651
Northampton	£ 6.3	1.2p	£ 328	£ 454	£ 642	£ 893	6.2p	£ 702
South Northamptonshire	£ 5.4	1.0p	£ 278	£ 385	£ 547	£ 761	5.1p	£ 584
Wellingborough	£ 5.4	1.0p	£ 280	£ 388	£ 550	£ 767	5.2p	£ 589
NORTHUMBERLAND								
Alnwick	£ 7.0	1.4p	£ 370	£ 510	£ 719	£ 998	7.1p	£ 805
Berwick-upon-Tweed	£ 6.9	1.4p	£ 363	£ 500	£ 706	£ 981	6.9p	£ 782
Blyth Valley	£ 7.7	1.6p	£ 410	£ 563	£ 793	£ 1,099	7.9p	£ 902
Castle Morpeth	£ 7.4	1.5p	£ 390	£ 538	£ 761	£ 1,058	7.3p	£ 836
Tynedale	£ 7.0	1.4p	£ 370	£ 510	£ 721	£ 1,001	7.0p	£ 798
Wansbeck	£ 8.1	1.6p	£ 430	£ 593	£ 837	£ 1,162	8.2p	£ 930

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
(Based on 1989/90 local authority expenditure and rate returns)

1. Assuming 80% is funded by capital value rates and 20% by local income tax.
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	Illustrative bill with						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full Local	Single
	value rate	income	value of	value of	value of	value of	income	adult
	per 1000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
NORTH YORKSHIRE								
Craven	£ 5.8	1.1p	£ 300	£ 416	£ 589	£ 820	5.6p	£ 634
Hasleholme	£ 5.8	1.1p	£ 299	£ 415	£ 587	£ 818	5.6p	£ 633
Harrogate	£ 6.3	1.2p	£ 332	£ 459	£ 649	£ 903	6.2p	£ 711
Richmondshire	£ 5.8	1.1p	£ 303	£ 420	£ 595	£ 828	5.6p	£ 640
Ryedale	£ 5.8	1.1p	£ 303	£ 419	£ 594	£ 828	5.6p	£ 639
Scarborough	£ 6.0	1.2p	£ 314	£ 434	£ 615	£ 855	5.8p	£ 666
Selby	£ 6.1	1.2p	£ 321	£ 443	£ 626	£ 870	6.1p	£ 692
York	£ 5.4	1.0p	£ 279	£ 386	£ 548	£ 763	5.1p	£ 585
NOTTINGHAMSHIRE								
Ashfield	£ 6.2	1.2p	£ 324	£ 447	£ 632	£ 879	6.1p	£ 694
Bassetlaw	£ 6.9	1.4p	£ 363	£ 500	£ 707	£ 983	6.8p	£ 778
Broxtowe	£ 6.0	1.2p	£ 315	£ 436	£ 616	£ 857	5.9p	£ 672
Gedling	£ 6.0	1.2p	£ 315	£ 436	£ 616	£ 857	5.9p	£ 673
Mansfield	£ 6.6	1.3p	£ 350	£ 483	£ 682	£ 948	6.6p	£ 754
Newark and Sherwood	£ 6.3	1.2p	£ 330	£ 456	£ 643	£ 896	6.2p	£ 707
Nottingham	£ 6.0	1.2p	£ 311	£ 431	£ 610	£ 850	5.8p	£ 660
Rushcliffe	£ 6.0	1.2p	£ 311	£ 430	£ 609	£ 848	5.8p	£ 661
OXFORDSHIRE								
Cherwell	£ 5.4	1.0p	£ 277	£ 384	£ 543	£ 759	5.1p	£ 582
Oxford	£ 5.9	1.1p	£ 309	£ 427	£ 605	£ 842	5.7p	£ 634
South Oxfordshire	£ 5.6	1.1p	£ 290	£ 402	£ 569	£ 793	5.4p	£ 613
Vale of White Horse	£ 5.3	1.0p	£ 274	£ 380	£ 539	£ 752	5.0p	£ 574
West Oxfordshire	£ 5.5	1.1p	£ 288	£ 398	£ 564	£ 786	5.3p	£ 609
SHROPSHIRE								
Bridgnorth	£ 5.1	1.0p	£ 261	£ 363	£ 515	£ 718	4.8p	£ 543
North Shropshire	£ 5.3	1.0p	£ 282	£ 392	£ 556	£ 776	5.1p	£ 586
Oswestry	£ 5.8	1.1p	£ 298	£ 414	£ 587	£ 818	5.5p	£ 626
Shrewsbury and Atchae	£ 5.4	1.1p	£ 283	£ 392	£ 555	£ 773	5.3p	£ 601
South Shropshire	£ 5.4	1.0p	£ 278	£ 386	£ 549	£ 766	5.1p	£ 578
Wrekin	£ 6.3	1.2p	£ 329	£ 453	£ 642	£ 893	6.2p	£ 708
SOMERSET								
Mendip	£ 5.9	1.1p	£ 306	£ 423	£ 598	£ 833	5.7p	£ 650
Sedgemoor	£ 6.0	1.2p	£ 315	£ 435	£ 616	£ 857	5.9p	£ 671
Taunton Deane	£ 5.9	1.1p	£ 308	£ 426	£ 603	£ 839	5.7p	£ 653
West Somerset	£ 6.3	1.2p	£ 327	£ 453	£ 643	£ 895	6.0p	£ 689
South Somerset	£ 6.1	1.2p	£ 317	£ 438	£ 620	£ 862	5.9p	£ 676

ILLUSTRATIVE IMPACT OF CAPITAL VALUE BASED DOMESTIC RATES COMBINED WITH A LOCAL INCOME TAX
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	Illustrative bill with						Full Local Income Tax -	
	Capital	Local	property	property	property	property	Full local	Single
	value rate per £000 Col 1	income tax rate Col 2	value of £30,000 Col 3	value of £50,000 Col 4	value of £80,000 Col 5	value of £120,000 Col 6	income tax rate Col 7	adult tax bill Col 8
STAFFORDSHIRE								
Cannock Chase	£ 5.7	1.1p	£ 298	£ 413	£ 584	£ 813	5.5p	£ 632
East Staffordshire	£ 5.2	1.0p	£ 271	£ 376	£ 533	£ 742	5.0p	£ 571
Lichfield	£ 5.2	1.0p	£ 269	£ 373	£ 529	£ 737	5.0p	£ 567
Newcastle-under-Lyme	£ 5.6	1.1p	£ 291	£ 403	£ 572	£ 796	5.4p	£ 611
South Staffordshire	£ 5.2	1.0p	£ 266	£ 369	£ 524	£ 730	4.9p	£ 555
Stafford	£ 5.0	1.0p	£ 260	£ 361	£ 512	£ 713	4.8p	£ 546
Staffordshire Moorland	£ 5.7	1.1p	£ 292	£ 406	£ 576	£ 802	5.4p	£ 612
Stoke-on-Trent	£ 5.5	1.1p	£ 286	£ 396	£ 561	£ 781	5.3p	£ 602
Tamworth	£ 5.3	1.0p	£ 274	£ 379	£ 538	£ 750	5.0p	£ 574
SUFFOLK								
Babergh	£ 5.3	1.0p	£ 272	£ 378	£ 537	£ 748	5.0p	£ 569
Forest Heath	£ 5.1	1.0p	£ 261	£ 363	£ 516	£ 720	4.8p	£ 543
Ipswich	£ 6.1	1.2p	£ 324	£ 447	£ 631	£ 876	6.1p	£ 701
Mid Suffolk	£ 5.6	1.0p	£ 286	£ 398	£ 565	£ 787	5.2p	£ 598
St Edmundsbury	£ 4.9	.9p	£ 253	£ 352	£ 499	£ 696	4.6p	£ 528
Suffolk Coastal	£ 5.6	1.1p	£ 292	£ 405	£ 573	£ 797	5.4p	£ 620
Waveney	£ 5.4	1.0p	£ 274	£ 381	£ 542	£ 756	5.0p	£ 568
SURREY								
Elmbridge	£ 7.1	1.4p	£ 372	£ 513	£ 725	£ 1,007	7.0p	£ 803
Epsom and Ewell	£ 6.7	1.3p	£ 351	£ 484	£ 685	£ 952	6.6p	£ 752
Guildford	£ 5.5	1.0p	£ 283	£ 392	£ 556	£ 774	5.2p	£ 596
Mole Valley	£ 6.4	1.3p	£ 333	£ 460	£ 651	£ 905	6.3p	£ 713
Reigate and Banstead	£ 6.3	1.2p	£ 331	£ 457	£ 647	£ 899	6.2p	£ 707
Runnymede	£ 5.4	1.0p	£ 279	£ 386	£ 548	£ 763	5.1p	£ 586
Spelthorne	£ 5.3	1.0p	£ 274	£ 380	£ 539	£ 752	5.0p	£ 573
Surrey Heath	£ 5.8	1.1p	£ 304	£ 420	£ 595	£ 828	5.7p	£ 644
Tandridge	£ 5.9	1.1p	£ 305	£ 422	£ 598	£ 832	5.7p	£ 648
Waverley	£ 5.9	1.1p	£ 306	£ 423	£ 599	£ 833	5.7p	£ 649
Woking	£ 7.1	1.4p	£ 374	£ 515	£ 727	£ 1,010	7.1p	£ 807
WARWICKSHIRE								
North Warwickshire	£ 7.4	1.5p	£ 393	£ 542	£ 764	£ 1,061	7.5p	£ 854
Nuneaton and Bedworth	£ 7.0	1.4p	£ 371	£ 511	£ 721	£ 1,001	7.1p	£ 806
Rugby	£ 6.4	1.3p	£ 337	£ 466	£ 658	£ 916	6.3p	£ 721
Stratford on Avon	£ 6.1	1.2p	£ 319	£ 441	£ 625	£ 869	6.0p	£ 679
Warwick	£ 6.4	1.2p	£ 333	£ 460	£ 652	£ 906	6.2p	£ 709

DATE: 19-JUL-89

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	Capital	Local	property	property	property	property	Full local	Single
	value rate	income	value of	value of	value of	value of	income	adult
	per £000	tax rate	£30,000	£50,000	£80,000	£120,000	tax rate	tax bill
	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
WEST SUSSEX								
Adur	£ 5.8	1.1p	£ 298	£ 413	£ 586	£ 817	5.5p	£ 628
Arun	£ 5.0	.9p	£ 254	£ 355	£ 506	£ 707	4.5p	£ 518
Chichester	£ 5.0	.9p	£ 253	£ 353	£ 502	£ 702	4.5p	£ 519
Crawley	£ 6.4	1.4p	£ 350	£ 478	£ 669	£ 925	6.9p	£ 790
Horsham	£ 4.6	.8p	£ 232	£ 324	£ 461	£ 644	4.2p	£ 475
Mid Sussex	£ 5.2	1.0p	£ 269	£ 373	£ 529	£ 738	4.9p	£ 560
Worthing	£ 4.6	.8p	£ 233	£ 324	£ 462	£ 645	4.2p	£ 475
WILTSHIRE								
Kennet	£ 5.7	1.1p	£ 295	£ 408	£ 578	£ 805	5.5p	£ 622
North Wiltshire	£ 6.1	1.2p	£ 320	£ 443	£ 627	£ 872	6.0p	£ 683
Salisbury	£ 5.4	1.0p	£ 279	£ 387	£ 549	£ 765	5.2p	£ 588
Thamesdown	£ 6.6	1.3p	£ 349	£ 482	£ 681	£ 947	6.6p	£ 751
West Wiltshire	£ 5.8	1.1p	£ 301	£ 417	£ 591	£ 822	5.6p	£ 638
ALL PURPOSE AUTHORITY								
Isles of Scilly	£ 3.7	.6p	£ 185	£ 259	£ 371	£ 520	3.2p	£ 367

DEPARTMENT OF THE ENVIRONMENT

1988/89 AND 1989/90 ILLUSTRATIVE COMMUNITY CHARGES

1. The attached table shows the full 1988/89 illustrative community charges before safety nets published on 23 June 1988 and figures for 1989/90 calculated on a comparable basis.

2. The figures for 1989/90 in column 2 differ from the full 1989/90 illustrative community charges before safety nets published today in that they are based on reported total expenditure. This has been used as the basis of illustrative charges in the past because levels of block grant depended on total expenditure. But 1989/90 levels of block grant are fixed and do not vary with total expenditure. This measure of expenditure is therefore no longer relevant to illustrative community charges or rate bills. The table is published solely to allow comparison with figures published in earlier years.

3. Income from rates and grant is a better basis of calculation for illustrative charges since it enables comparison with actual average rate bills rather than the hypothetical rate bills which were required when total expenditure was used. The illustrative charges take account of use of balances and are calculated more closely to the way that actual charges will be determined in 1990/91.

4. Large increases between years are mainly the result of higher reported total expenditure by individual authorities in 1989/90 than in 1988/89. (Some of the increases may reflect one off adjustments in the final year of the old system.)

Department of the Environment

19 July 1989

DOC362LP

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988.

	1988/89 illustrative community charge Col 1	1989/90 comparable community charge Col 2
England	£ 246	£ 291
Inner London	£ 506	£ 538
Outer London	£ 230	£ 296
Metropolitan Areas	£ 258	£ 310
Shire Areas	£ 222	£ 264

DATE: 19-JUL-89

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col 1	1989/90 comparable community change Col 2
<hr/>		
GREATER LONDON		
City of London	£ 476	£ 505
Caen	£ 639	£ 653
Greenwich	£ 589	£ 575
Hackney	£ 578	£ 527
Hammersmith and Fulham	£ 473	£ 664
Islington	£ 480	£ 630
Kensington and Chelsea	£ 340	£ 399
Labeth	£ 490	£ 567
Lewisham	£ 577	£ 517
Southwark	£ 515	£ 592
Tower Hamlets	£ 616	£ 544
Wandsworth	£ 397	£ 423
Westminster	£ 373	£ 391
Barking and Dagenham	£ 237	£ 267
Barnet	£ 230	£ 244
Bexley	£ 190	£ 257
Brent	£ 307	£ 424
Bromley	£ 179	£ 217
Croydon	£ 197	£ 218
Ealing	£ 234	£ 324
Enfield	£ 253	£ 288
Haringey	£ 291	£ 455
Harrow	£ 225	£ 275
Havering	£ 205	£ 232
Hillingdon	£ 242	£ 328
Hounslow	£ 243	£ 468
Kingsdon-upon-Thames	£ 228	£ 289
Merton	£ 167	£ 245
Newham	£ 284	£ 337
Redbridge	£ 161	£ 195
Richmond-upon-Thames	£ 259	£ 296
Sutton	£ 231	£ 301
Waltham Forest	£ 269	£ 353

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community charge col 1	1989/90 comparable community charge col 2
<hr/>		
GREATER MANCHESTER		
Bolton	£ 228	£ 247
Bury	£ 248	£ 307
Manchester	£ 285	£ 401
Oldham	£ 225	£ 278
Rochdale	£ 278	£ 353
Salford	£ 273	£ 313
Stockport	£ 223	£ 267
Tameside	£ 276	£ 330
Trafford	£ 196	£ 248
Wigan	£ 275	£ 341
HERSEYSIDE		
Knowsley	£ 282	£ 307
Liverpool	£ 284	£ 361
St Helens	£ 275	£ 337
Sefton	£ 231	£ 273
Warrington	£ 268	£ 345
SOUTH YORKSHIRE		
Barnsley	£ 283	£ 324
Doncaster	£ 288	£ 337
Rotherham	£ 289	£ 336
Sheffield	£ 285	£ 415
TYNE AND WEAR		
Gateshead	£ 270	£ 326
Newcastle upon Tyne	£ 275	£ 332
North Tyneside	£ 274	£ 335
South Tyneside	£ 267	£ 298
Sunderland	£ 271	£ 287
WEST MIDLANDS		
Birmingham	£ 218	£ 245
Coventry	£ 248	£ 294
Dudley	£ 235	£ 276
Sandwell	£ 258	£ 332
Solihull	£ 180	£ 207
Walsall	£ 268	£ 289
Wolverhampton	£ 240	£ 256
WEST YORKSHIRE		
Bradford	£ 277	£ 303
Calderdale	£ 297	£ 364
Kirklees	£ 289	£ 316
Leeds	£ 226	£ 265
Wakefield	£ 281	£ 316

DATE: 19-JUL-89

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col. 1	1989/90 comparable community change Col. 2
AVON		
Bath	£ 259	£ 313
Bristol	£ 270	£ 352
Kingswood	£ 240	£ 288
Northavon	£ 254	£ 311
Wansdyke	£ 234	£ 286
Woodspring	£ 254	£ 311
BEDFORDSHIRE		
North Bedfordshire	£ 255	£ 287
Luton	£ 249	£ 282
Mid Bedfordshire	£ 252	£ 288
South Bedfordshire	£ 273	£ 302
BERKSHIRE		
Bracknell	£ 172	£ 214
Newbury	£ 176	£ 224
Reading	£ 194	£ 244
Slough	£ 178	£ 217
Windsor and Maidenhead	£ 193	£ 223
Wokingham	£ 208	£ 234
BUCKINGHAMSHIRE		
Aylesbury Vale	£ 218	£ 251
South Bucks	£ 235	£ 246
Chiltern	£ 234	£ 253
Milton Keynes	£ 263	£ 287
Wycombe	£ 232	£ 257
CAMBRIDGESHIRE		
Cambridge	£ 213	£ 258
East Cambridgeshire	£ 196	£ 239
Fenland	£ 208	£ 262
Huntingdonshire	£ 203	£ 246
Peterborough	£ 231	£ 299
South Cambridgeshire	£ 186	£ 250
CHESHIRE		
Chester	£ 238	£ 286
Congleton	£ 231	£ 286
Crewe and Nantwich	£ 243	£ 304
Ellesmere Port and Neston	£ 215	£ 290
Halton	£ 234	£ 292
Macclesfield	£ 223	£ 275
Vale Royal	£ 231	£ 280
Warrington	£ 234	£ 289

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community charge Col 1	1989/90 comparable community charge Col 2
CLEVELAND		
Hartlepool	£ 294	£ 328
Langbaurgh-on-Tees	£ 303	£ 347
Middlesbrough	£ 282	£ 315
Stockton-on-Tees	£ 277	£ 320
CORNWALL		
Caradon	£ 193	£ 221
Carrick	£ 196	£ 224
Kerrier	£ 193	£ 221
North Cornwall	£ 193	£ 223
Penwith	£ 195	£ 217
Restormel	£ 189	£ 217
CUMBRIA		
Allerdale	£ 262	£ 292
Barrow in Furness	£ 267	£ 312
Carlisle	£ 274	£ 308
Copeland	£ 271	£ 306
Eden	£ 256	£ 289
South Lakeland	£ 263	£ 292
DERBYSHIRE		
Amber Valley	£ 259	£ 319
Bolsover	£ 288	£ 351
Chesterfield	£ 271	£ 326
Derby	£ 264	£ 312
Erewash	£ 260	£ 319
High Peak	£ 272	£ 333
North East Derbyshire	£ 285	£ 341
South Derbyshire	£ 361	£ 319
Derbyshire Dales	£ 267	£ 324
DEVON		
East Devon	£ 191	£ 228
Exeter	£ 182	£ 226
North Devon	£ 199	£ 240
Plymouth	£ 186	£ 227
South Hams	£ 201	£ 241
Teignbridge	£ 200	£ 240
Mid Devon	£ 197	£ 241
Torbay	£ 200	£ 244
Torridge	£ 200	£ 242
West Devon	£ 195	£ 235

DATE: 19-JUL-89

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col. 1	1989/90 comparable community change Col. 2
DORSET		
Bournemouth	£ 171	£ 245
Christchurch	£ 169	£ 250
North Dorset	£ 162	£ 235
Poole	£ 164	£ 233
Purbeck	£ 157	£ 230
West Dorset	£ 162	£ 232
Weymouth and Portland	£ 168	£ 242
East Dorset	£ 180	£ 256
DURHAM		
Chester-Le-Street	£ 248	£ 285
Darlington	£ 272	£ 306
Derwentside	£ 279	£ 321
Durham	£ 256	£ 299
Easington	£ 249	£ 293
Sedgefield	£ 286	£ 328
Teesdale	£ 226	£ 261
Wear Valley	£ 283	£ 329
EAST SUSSEX		
Brighton	£ 202	£ 239
Eastbourne	£ 193	£ 243
Hastings	£ 196	£ 236
Hove	£ 198	£ 229
Leaves	£ 196	£ 237
Rother	£ 198	£ 233
Wealden	£ 198	£ 236
ESSEX		
Basilston	£ 367	£ 387
Braintree	£ 221	£ 264
Brentwood	£ 384	£ 454
Castle Point	£ 234	£ 268
Chelmsford	£ 229	£ 262
Colchester	£ 217	£ 254
Epping Forest	£ 233	£ 269
Harlow	£ 374	£ 416
Maldon	£ 225	£ 267
Rochford	£ 224	£ 256
Southend-on-Sea	£ 227	£ 270
Tendring	£ 226	£ 256
Thurrock	£ 299	£ 326
Uttlesford	£ 223	£ 266

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col. 1	1989/90 comparable community change Col. 2
<hr/>		
GLoucestershire		
Cheltenham	£ 206	£ 237
Cotswold	£ 207	£ 237
Forest of Dean	£ 216	£ 244
Gloucester	£ 211	£ 238
Stroud	£ 216	£ 256
Tewkesbury	£ 198	£ 228
 Hampshire		
Basingstoke and Deane	£ 178	£ 205
East Hampshire	£ 195	£ 220
Eastleigh	£ 188	£ 218
Fareham	£ 195	£ 243
Gosport	£ 184	£ 209
Hart	£ 216	£ 243
Havant	£ 183	£ 209
New Forest	£ 196	£ 222
Portsmouth	£ 195	£ 221
Rushmore	£ 193	£ 201
Southampton	£ 189	£ 216
Test Valley	£ 186	£ 216
Winchester	£ 194	£ 223
 Hereford and Worcester		
Bromsgrove	£ 168	£ 204
Hereford	£ 162	£ 224
Leominster	£ 177	£ 206
Malvern Hills	£ 182	£ 235
Redditch	£ 300	£ 243
South Herefordshire	£ 164	£ 198
Worcester	£ 182	£ 219
Wychevon	£ 183	£ 217
Wyre Forest	£ 198	£ 224
 Hertfordshire		
Broxbourne	£ 243	£ 278
Decorum	£ 247	£ 288
East Hertfordshire	£ 246	£ 296
Hertsmere	£ 257	£ 309
North Hertfordshire	£ 252	£ 300
St Albans	£ 260	£ 285
Stevenage	£ 291	£ 339
Three Rivers	£ 299	£ 304
Watford	£ 255	£ 295
Welwyn Hatfield	£ 283	£ 348

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col 1	1989/90 comparable community change Col 2
HUMBERSIDE		
Severley	£ 263	£ 294
Boothferry	£ 270	£ 299
Cleethorpes	£ 277	£ 312
Glanford	£ 265	£ 294
Great Grimsby	£ 266	£ 298
Holderness	£ 260	£ 296
Kingston upon Hull	£ 268	£ 309
East Yorkshire	£ 276	£ 304
Scunthorpe	£ 306	£ 336
ISLE OF WIGHT		
Medina	£ 225	£ 244
South Wight	£ 234	£ 257
KENT		
Ashford	£ 181	£ 218
Canterbury	£ 180	£ 214
Dartford	£ 184	£ 225
Dover	£ 179	£ 208
Gillingham	£ 172	£ 198
Gravesend	£ 180	£ 217
Maidstone	£ 174	£ 206
Rochester upon Medway	£ 157	£ 183
Sevenoaks	£ 181	£ 208
Shepway	£ 195	£ 234
Sussex	£ 181	£ 212
Thanet	£ 182	£ 214
Tonbridge and Malling	£ 180	£ 220
Tunbridge Wells	£ 180	£ 222
LANCASHIRE		
Blackburn	£ 291	£ 277
Blackpool	£ 233	£ 263
Burnley	£ 279	£ 305
Chorley	£ 227	£ 246
Fylde	£ 225	£ 246
Hyndburn	£ 248	£ 275
Lancaster	£ 226	£ 263
Pendle	£ 253	£ 280
Preston	£ 243	£ 290
Ribble Valley	£ 236	£ 262
Rossendale	£ 263	£ 287
South Ribble	£ 228	£ 254
West Lancashire	£ 230	£ 250
Wyre	£ 225	£ 246

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col 1	1989/90 comparable community change Col 2
LEICESTERSHIRE		
Blaby	£ 202	£ 234
Charnwood	£ 201	£ 235
Harborough	£ 215	£ 253
Hinckley and Bosworth	£ 199	£ 236
Leicester	£ 232	£ 302
Melton	£ 216	£ 240
North West Leicestershire	£ 224	£ 256
Oadby and Wigston	£ 212	£ 238
Rutland	£ 199	£ 244
LINCOLNSHIRE		
Boston	£ 189	£ 223
East Lindsey	£ 198	£ 231
Lincoln	£ 198	£ 227
North Kesteven	£ 196	£ 230
South Holland	£ 189	£ 235
South Kesteven	£ 194	£ 212
West Lindsey	£ 203	£ 241
NORFOLK		
Breckland	£ 173	£ 213
Broadland	£ 179	£ 213
Great Yarmouth	£ 193	£ 233
North Norfolk	£ 174	£ 212
Norwich	£ 206	£ 268
South Norfolk	£ 178	£ 215
King's Lynn and West Norfolk	£ 178	£ 212
NORTHAMPTONSHIRE		
Corby	£ 217	£ 279
Deventry	£ 240	£ 279
East Northamptonshire	£ 199	£ 247
Kettering	£ 218	£ 257
Northampton	£ 224	£ 270
South Northamptonshire	£ 207	£ 246
Wellingborough	£ 212	£ 241
NORTHUMBERLAND		
Alnwick	£ 254	£ 296
Berwick-upon-Tweed	£ 248	£ 295
Blyth Valley	£ 288	£ 337
Castle Morpeth	£ 254	£ 320
Tynedale	£ 266	£ 296
Wansbeck	£ 294	£ 360

DATE: 19-JUL-89

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col 1	1989/90 comparable community change Col 2
NORTH YORKSHIRE		
Craven	£ 213	£ 249
Hambleton	£ 208	£ 248
Harrrogate	£ 235	£ 278
Richmondshire	£ 211	£ 250
Ryedale	£ 205	£ 248
Scarborough	£ 217	£ 256
Selby	£ 227	£ 264
York	£ 192	£ 232
NOTTINGHAMSHIRE		
Ashfield	£ 250	£ 295
Bassetlaw	£ 282	£ 334
Broxtowe	£ 245	£ 289
Gedling	£ 245	£ 288
Mansfield	£ 267	£ 321
Newark and Sherwood	£ 250	£ 300
Nottingham	£ 251	£ 289
Rushcliffe	£ 244	£ 294
OXFORDSHIRE		
Cherwell	£ 239	£ 258
Oxford	£ 283	£ 283
South Oxfordshire	£ 239	£ 269
Vale of White Horse	£ 231	£ 249
West Oxfordshire	£ 243	£ 265
SHROPSHIRE		
Bridgnorth	£ 181	£ 221
North Shropshire	£ 191	£ 238
Oswestry	£ 196	£ 244
Shrewsbury and Atchae	£ 192	£ 237
South Shropshire	£ 186	£ 232
Wrekin	£ 207	£ 274
SOMERSET		
Mendip	£ 209	£ 263
Sedgemoor	£ 222	£ 275
Taunton Deane	£ 211	£ 265
West Somerset	£ 214	£ 271
South Somerset	£ 214	£ 271

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community charge Col 1	1989/90 comparable community charge Col 2
<hr/>		
STAFFORDSHIRE		
Cannock Chase	£ 212	£ 254
East Staffordshire	£ 204	£ 237
Lichfield	£ 202	£ 229
Newcastle-under-Lyme	£ 212	£ 254
South Staffordshire	£ 199	£ 229
Stafford	£ 207	£ 243
Staffordshire Moorlands	£ 211	£ 248
Stoke-on-Trent	£ 214	£ 246
Tamworth	£ 200	£ 228
SUFFOLK		
Babergh	£ 194	£ 234
Forest Heath	£ 195	£ 233
Ipswich	£ 215	£ 267
Mid Suffolk	£ 199	£ 239
St Edmundsbury	£ 181	£ 217
Suffolk Coastal	£ 207	£ 263
Waveney	£ 194	£ 228
SURREY		
Elmbridge	£ 189	£ 317
Epsom and Ewell	£ 220	£ 303
Guildford	£ 266	£ 262
Hole Valley	£ 173	£ 287
Reigate and Banstead	£ 225	£ 299
Runnymede	£ 151	£ 250
Spelthorne	£ 213	£ 248
Surrey Heath	£ 189	£ 267
Tandridge	£ 305	£ 252
Waverley	£ 210	£ 275
Woking	£ 172	£ 318
WARWICKSHIRE		
North Warwickshire	£ 274	£ 311
Nuneaton and Bedworth	£ 252	£ 298
Rugby	£ 222	£ 274
Stratford on Avon	£ 229	£ 272
Warwick	£ 226	£ 265

DATE: 19-JUL-99

ILLUSTRATIVE IMPACT OF LOCAL GOVERNMENT FINANCE ACT 1988

1989/90 figures consistent with 1988/89 figures published on 23 June 1988

	1988/89 illustrative community change Col 1	1989/90 comparable community change Col 2
WEST SUSSEX		
Adur	£ 208	£ 243
Arundel	£ 184	£ 209
Chichester	£ 174	£ 209
Crawley	£ 260	£ 292
Horsham	£ 180	£ 206
Mid Sussex	£ 180	£ 227
Worthing	£ 178	£ 232
WILTSHIRE		
Kennet	£ 220	£ 249
North Wiltshire	£ 234	£ 269
Salisbury	£ 215	£ 248
Thamesdown	£ 274	£ 287
West Wiltshire	£ 226	£ 270
ALL PURPOSE AUTHORITY Isles of Scilly	£ 132	£ 305

helped cut of contributions to Salisbury not
Nobody can be



SCOTTISH OFFICE
WHITEHALL LONDON SW1A 2AU

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

19 July 1989

Dear Nick

LOCAL GOVERNMENT AND HOUSING BILL : EXEMPTIONS FROM THE
COMMUNITY CHARGE

I would be grateful for your agreement and that of members of E(LF) to our tabling an amendment at Lords Committee Stage of the Bill extending the present exemption from the community charge for persons in respect of whom another person is entitled to child benefit. The particular case which has alerted us to the deficiency of this provision is that of an 18 year old foster child who is still at school but who is, under the present provision required to pay the community charge. To meet this and similar problems I would propose to extend the exemption to include those in respect of whom child benefit could be paid except for the fact that they fall within certain of the categories set out in Schedule 1 to the Child Benefit Act 1975 (Exclusions from entitlement). The specific categories I am proposing should be exempt are children subject to a supervision requirement or in the care of a local authority (paragraphs 1(b) and 1(c) of the Schedule) and children entitled to non-contributory invalidity pension (paragraph 5).

I am aware that the more vexed question about the possible exemption of 19 year olds at school is still under discussion between colleagues and may not be resolved before the recess. I am, however, concerned that this should not hold up the more minor but nonetheless important change I have proposed above. The amendment will not be controversial.

Copies of this letter go to members of E(LF) and L Committees.

MALCOLM RIFKIND

FAB198L5



ceh

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Nicholas Ridley MP
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EP

NBR
Mc 19/7
18 July 1989

Dear Nicholas,

LOCAL GOVERNMENT AND HOUSING BILL: SCOTTISH COMMUNITY
CHARGE PROVISIONS *- copy attached*

Thank you for your letter of 10 July, agreeing to the community charge amendments. You did, however, make one proviso regarding formula valued industries and I can assure you that there is no question of introducing the possibility of free supplies for these industries.

Formula valued industries are currently exempt from payment of water rates but where these industries' premises are connected to the public supply, they are subject to the normal metered water charges. There is no intention to change this position.

Due to the repeal of schedule 1 to the Local Government (Scotland) Act 1975, on which the present policy relies to prescribe the exempted industries, the exemption from liability to non-domestic water rate would cease on 1 April 1990 and has to be restored. There will be no precedents created for formula valued industries in England and Wales.

I hope this clarifies the position.

Copies of this letter go to members of E(LF) and L Committees.

over
lll

MALCOLM RIFKIND



2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

10 July 1989

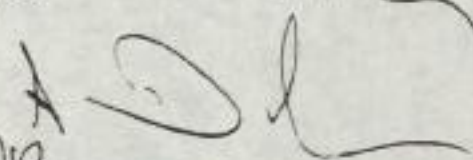
Dear Secretary of State

LOCAL GOVERNMENT AND HOUSING BILL: SCOTTISH COMMUNITY CHARGE PROVISIONS

Thank you for your letter of 29 June in which you seek colleagues' agreement to a number of minor amendments which you would like to introduce during the Lords stages of the Local Government and Housing Bill.

I am content with the community charge amendments which are detailed in the annex to your letter. I am also content with the amendments to the charging structure for water and sewerage services which are detailed in the body of your letter, subject to one proviso. It will be important in restoring an exemption for formula-rated industries from non-domestic water rate, for your Ministers to explain when proposing the amendment that most properties occupied by these industries are metered, and the intention of metering the remainder provided that they are connected to a water supply. This will then avoid creating a precedent for exempting formula-rated industries from water charges in England and Wales.

Copies of this letter go to members of E(LF) and L Committees.

Yours sincerely

PP
NICHOLAS RIDLEY

(Approved by the Secretary of State
and Signed in his Absence)



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

R M F Bright Esq
Principal Private Secretary to the
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

18 July 1989

Dear Roger,
LOCAL GOVERNMENT AND HOUSING BILL
ASSISTANCE TO PRIVATELY LET HOUSING

I am writing to confirm that, following the meeting of Ministers on 11 July to discuss the Local Government and Housing Bill, my Secretary of State does not intend at this time to proceed with his proposal to amend the Local Government Act 1988 to relax the controls on local authority assistance to privately let housing (proposal No 6 in Mr Rifkind's letter of 22 June).

I am sending a copy of this letter to the private secretaries of E(LF) members.

You sincerely,
Dail Crawley
D J CRAWLEY
Private Secretary

RA

PRIME MINISTER

I should report to you a small but significant debate which took place at the 1922 Committee last night on the Community Charge:-

Richard Page raised the issue. He had never before during his 12 years in the House addressed the 1922. If the issue is not handled properly we could lose the next election and certainly the services of many colleagues. Every voter will be a Community Charge payer. He doubted if constituents would understand the safety net. Why should they pay for expensively run Councils? The Executive should approach the Government at the highest level. His position would be all right, but he was fearful for colleagues in the Midlands and the North.

Rhodes Boyson: If we must have the safety net it must be paid for by new money from the Treasury. How can one explain to constituents that £55 - £75 will have to be paid to help run a neighbouring Labour Council? This will go on for four years. The safety net will cost the tax payer £850m in the first year, and something over £2,000m over 4 years. There must be new money from the Treasury.

John Wheeler: We have a great problem in Westminster. We might well lose control of the Council next May. My seat will be greatly threatened at a General Election. It should not be Conservative authorities which pay for the safety net, but the tax payer.

Charles Morrison: When the legislation went through the House some of us then expressed doubts. When the Bill went through the House it was votes inside the House that were crucial. That was handled by the Whips. Now the worry is votes outside the House. I trust that all points made will be listened to.

MZ-B

MARK LENNOX-BOYD
14 July 1989

cc Andrew Turnbull
Paul Gray

File
CONFIDENTIAL

ANDREW TURNBULL

*a Mr Miller. This page
1/2 don't show you
appreciation of the problem. Standard
charge is a property tax, albeit
calculated using some of the variables
of personal charge. At least it is
clearly a local success to rates. 1
10 July 1989*

MPs AND COMMUNITY CHARGE

*can envisage any serious challenge in
the House arguing that unlike rates it should
not be reimbursed. The Lord President believes
he could read legislation to
exclude SC and could not
get it passed. A.P.*

I have discussed this with the Treasury and Inland Revenue officials who advised the Lord President.

To answer first your three questions:

- (i) ACA can be claimed on either the London or constituency home;
- (ii) ACA is exempt from income tax. This is special treatment for MPs. Reimbursement of a standard charge for anyone else would be a taxable benefit;
- (iii) there will be no personal charge reimbursement at all under ACA. This is because ACA relates only to additional expenses away from the main residence (to which personal charge must by definition relate). But it is possible that the main residence for ACA purposes, which is the MP's election, could be different from the main residence for charge purposes. That is the Registration Officer's election.

This does not assuage my concern over the sensitivities of the issue:

- standard charge is likely to be a contentious issue next year. There will be plenty of hard cases (eg pensioners paying 5 or 6 times as much for a fixed caravan compared with rates). Scotland points the way;

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- in this kind of context, public knowledge that MPs and Ministers were being reimbursed would be at best embarrassing, at worst damaging;
- the Government has adopted a clear policy not to reimburse community charge in situations where rates were reimbursed because it is a personal tax rather than a tax on property. For example, the Armed Forces will have to pay community charge whereas they have not paid rates on Service quarters (plenty of likely standard charge cases there). It is also a live and contentious issue in current discussions on Police Rent Allowance, within which rates have always been reimbursed. Although these cases relate essentially to personal charge, I cannot see that there is any sustainable legal difference between this and standard charge (as opposed to the relevant considerations which apply to one or the other) (extract from Act attached);
- there must at least be an element of doubt whether the ACA resolution (copy attached) can, without amendment, be used to repay a tax as if it was an 'expense'. At the very least, this is an area where the Government is vulnerable to legal challenge, for example from a high-minded Labour MP. The policy decisions on the Armed Forces and Police would hardly help the Government's case;
- at worst, one might even envisage a concerted effort by the Opposition, having imposed its own self-denying ordinance on its MPs, challenging the Government in the Courts for refunding its own MPs and Ministers a tax not an expense. Win or lose, a case of that kind would obviously have damage potential, and would be entered into with that in mind

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There is clearly a balance of risk here. My feeling is that opponents of the Government will be so anxious to seek to embarrass it over community charge (cf. the Greenwich leaflet case), that any potential weak spot will be attacked. There is clearly a weak spot here, presentationally if not legally. It would seem prudent to consider, at least at the outset, a self-denying ordinance upon Ministers, so that they do not reclaim any standard charge under ACA.

But ahead of that, it would I think be wise to seek the Attorney's advice on John Wakeham's letter, to be sure whether the qualitative distinction he seeks to draw between personal and standard charge is sustainable in law. If not, I would have thought the Government has no realistic option, in the light of the Police and Army cases, but to block all standard charge reimbursement under ACA. Amending the Resolution to that effect would, incidentally, put the Opposition on the spot!

John Mills
JOHN MILLS

CONFIDENTIAL

PART I

Persons subject to
personal
community
charge.

2.—(1) A person is subject to a charging authority's personal community charge on any day if—

- (a) he is an individual who is aged 18 or over on the day,
- (b) he has his sole or main residence in the area of the authority at any time on the day, and
- (c) he is not an exempt individual on the day.

(2) Schedule 1 below shall have effect to determine whether a person is for the purposes of this section an exempt individual on a particular day.

(3) In deciding whether a person has his sole or main residence in an area, the fact that he does not live in a building is irrelevant.

(4) If a person's sole or main residence at a particular time consists of premises, and the premises are situated in the areas of two or more authorities, he shall be treated as having his sole or main residence in the area in which the greater or greatest part of the premises is situated.

(5) A person undertaking a full-time course of education and resident in England and Wales for the purpose of undertaking the course shall be treated as having his sole or main residence, on each day of the course, in the place where he is resident for the purpose of undertaking the course.

(6) A person detained in legal custody (other than an individual for the time being exempt) is not to be treated as having his sole or main residence in the place where he is detained.

Persons subject to
standard
community
charge.

3.—(1) A person is subject to a charging authority's standard community charge on any day if he has at any time on the day a freehold interest in the whole of a building, and the following conditions are fulfilled as regards the building throughout the day—

- (a) it is situated in the authority's area,
- (b) it is not the sole or main residence of an individual (construing sole or main residence in accordance with section 2 above),
- (c) it is domestic property,
- (d) it is not designated for the purposes of collective community charges of the authority,
- (e) it is not divided into self-contained parts, and
- (f) it is not subject (as a whole) to a single relevant leasehold interest.

(2) A person is subject to a charging authority's standard community charge on any day if he has at any time on the day a relevant leasehold interest in the whole of a building, and the following conditions are fulfilled as regards the building throughout the day—

- (a) the conditions mentioned in subsection (1)(a) to (e) above, and
- (b) the condition that it is not subject (as a whole) to a single relevant leasehold interest inferior to his interest.

(3) A person is subject to a charging authority's standard community charge on any day if he has at any time on the day a freehold interest in the whole of a self-contained part of a building, and the following conditions are fulfilled as regards the part throughout the day—

- (a) the conditions mentioned in subsection (1)(a) to (d) above, and
- (b) the condition that it is not subject (as a whole) to a single relevant leasehold interest.

EXTRACT FROM ACA RESOLUTION

Overnight expenses allowance

(2) provision should be made for Members of this House who are Members for constituencies other than those specified in the Schedule set out below to receive an allowance in respect of additional expenses necessarily incurred by any such Member in staying overnight away from his only or main residence for the purpose of performing his parliamentary duties as follows, that is to say—


- (a) where his only or main residence is in the London area (that is to say, the area consisting of the constituencies specified in the Schedule set out below), parliamentary duties performed in his constituency;
- (b) where his only or main residence is in his constituency—
 - (i) parliamentary duties performed in the London area, except in the case of any such Member whose salary as a Member is determined in accordance with paragraph (b) of the Resolution passed this day with respect to remuneration of Members (in this paragraph referred to as an 'excepted Member'), and
 - (ii) parliamentary duties performed in a part of his constituency where a stay overnight is reasonably necessary in view of its distance from his only or main residence;
- (c) where his only or main residence is neither in the London area nor in his constituency, and he is an excepted Member, parliamentary duties performed in his constituency;
- (d) where his only or main residence is neither in the London area nor in his constituency, and he is not an excepted Member, then (at the option of the Member, to be exercised by notice in writing to the Fees Office) either—
 - (i) parliamentary duties performed in the London area, or
 - (ii) parliamentary duties performed in his constituency;

ICTA 1988 S. 200

200. An allowance—

Expenses of
Members of
Parliament.

- (a) which is paid to a Member of the House of Commons; and
- (b) for which provision is made by resolution of that House, and
- (c) which is expressed to be in respect of additional expenses necessarily incurred by the Member in staying overnight away from his only or main residence for the purpose of performing his parliamentary duties, either in the London area, as defined in such a resolution, or in his constituency,

 not be regarded as income for any purpose of the Income Tax Acts.



2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

NBR

Recd 10 July 1989

19/7

Dear Secretary of State

LOCAL GOVERNMENT AND HOUSING BILL: SCOTTISH COMMUNITY CHARGE PROVISIONS

Thank you for your letter of 29 June in which you seek colleagues' agreement to a number of minor amendments which you would like to introduce during the Lords stages of the Local Government and Housing Bill.

I am content with the community charge amendments which are detailed in the annex to your letter. I am also content with the amendments to the charging structure for water and sewerage services which are detailed in the body of your letter, subject to one proviso. It will be important in restoring an exemption for formula-rated industries from non-domestic water rate, for your Ministers to explain when proposing the amendment that most properties occupied by these industries are metered, and the intention of metering the remainder provided that they are connected to a water supply. This will then avoid creating a precedent for exempting formula-rated industries from water charges in England and Wales.

Copies of this letter go to members of E(LF) and L Committees.

Yours sincerely
A. D. L.
pp
NICHOLAS RIDLEY

(Approved by the Secretary of State
and Signed in his Absence)

PRIME MINISTER

P 03503

STANDARD COMMUNITY CHARGE

[Letters to Mr Ridley from Mr Rifkind of 8 and 29 June and from Mr Walker of 20 June; letters to Mr Rifkind from Mr Moore of 20 June, from Mr Ridley of 23 and 6 July, and from Mr Major of 3 July.]

DECISIONS

The standard community charge is the charge levied on second homes, which can be at a rate of up to twice the personal community charge for the area. The standard charge is controversial in Scotland where all but two authorities are charging the maximum. Mr Rifkind wishes to reduce its impact. He has four proposals.

2. First, Mr Rifkind proposes that he should take power to prescribe the number of personal charges levied on second homes, up to a maximum of two. In itself this should be uncontroversial since similar powers already exist for England and Wales. The problem is the use which Mr Rifkind intends to make of it. He clearly wants to set a maximum of one personal charge in Scotland, so that the standard charge is at the same level as the personal charge. Both Mr Ridley and Mr Walker oppose such a reduction in the standard charge.

3. Mr Rifkind's other three proposals are:

i. to exempt domestic property which is both unoccupied and unfurnished from the standard charge. Mr Major is not in favour of this;

ii. to provide a "period of grace" before properties which are furnished but unoccupied become subject to the standard charge;

iii. to make self-catering holiday accommodation subject to non-domestic rates rather than the standard charge. A similar change is proposed for England and Wales, so this proposal is uncontroversial.

4. Mr Ridley has suggested an alternative approach: the standard charge would stay at a maximum of two but local authorities would be given more discretion to reduce or remit the charges to deal with hard cases of the sort Mr Rifkind outlines. This would apply throughout Great Britain. Mr Walker and Mr Major have made similar suggestions. But Mr Rifkind is unlikely to be satisfied. At heart the main issue is whether Mr Rifkind should be permitted to reduce the standard charge in Scotland alone, or whether he should be asked to accept Mr Ridley's proposal to give local authorities power to relieve hard cases.

BACKGROUND

5. The Green Paper "Paying for Local Government" proposed that owners of second homes should pay a standard charge equivalent to two personal community charges. Mr Rifkind subsequently proposed that the standard charge should be set at only one personal charge. E(LF) rejected this but agreed that each local authority should have discretion to set its standard charge at between one and two personal community charges (E(LF) (86) 1st Meeting).

MAIN ISSUES

A different rate for Scotland?

6. Mr Rifkind believes that the standard community charge is bearing too heavily on many property owners in Scotland. He says that about 85,000 properties have been registered for the charge, although there are estimated to be only about 19,000 genuine second homes in Scotland (the rest may be for instance empty local authority housing or houses which are empty during changes of ownership or cases where elderly people are convalescing in

their relatives' homes or where people in tied housing have bought properties for their retirement). The standard charges on these properties are mostly well above their previous rate bills, in some cases as much as 10 times as high. Only two local authorities have exercised their discretion to set the standard charge at less than twice the personal charge. Mr Rifkind wishes to respond to these pressures by taking power to reduce the standard charge in Scotland to a single personal charge.

7. This is opposed by Mr Ridley and Mr Walker. They fear that they would be obliged to follow suit in England and Wales, and that this would provoke opposition from local authorities (who use the income from second homes to reduce the personal charge) and the Opposition. It would be particularly controversial in Wales. More generally it might be seen as an unwarranted concession to wealthy second-home owners. Mr Moore has also pointed out that if reduced income from standard charges means higher personal community charges there will be a housing benefit cost (although the cost would be fairly modest if a lower standard charge applied only in Scotland: perhaps some £2m).

8. Mr Ridley's alternative of giving more discretion to local authorities is unlikely to satisfy Mr Rifkind. He will point out that the local authorities already have discretion to set a lower standard charge, but are not using it; and that second homes do not appear to attract the same controversy in Scotland as in Wales or parts of England. You will wish to decide whether it would be possible to let Mr Rifkind reduce the standard charge to a single personal charge in Scotland without doing the same in England and Wales.

Empty domestic properties

9. Mr Rifkind makes two proposals about empty property: to exempt unfurnished empty property from the standard charge altogether; and to provide a period of grace (probably 3 months, but extendable at the discretion of the local authority) before

the charge applies to furnished property which becomes vacant. These proposals are designed to meet some of the hard cases which have arisen in Scotland. The disadvantage with remitting the standard charge in empty properties is that it reduces the incentive for owners to bring them back into use, particularly in areas of housing shortage. The trend under the rating system in recent years has been in the opposite direction, towards the rating of empty property. But Mr Ridley recognises that there may be cases where this is inappropriate. He therefore favours giving local authorities more discretion to remit standard charges where they decide it is appropriate. Mr Major has taken a similar line, and opposes any outright exemptions from the standard charge. You will wish to decide whether to grant statutory reliefs for empty property of the sort Mr Rifkind favours; or to give local authorities discretionary powers as Mr Ridley and Mr Major would prefer.

Self-catering holiday accommodation

10. Mr Rifkind proposes that all self-catering holiday accommodation which is genuinely available for letting should be subject to non-domestic rates rather than the standard charge. A similar amendment in the law is proposed in England and Wales. E(LF) should be able to agree this without difficulty.

LEGISLATION

11. Both Mr Rifkind's proposals and Mr Ridley's alternative would require legislation by way of amendments to the Local Government and Housing Bill, probably during Lords Committee stage, starting in mid-July. You may wish to check that the Business Managers are content.

AM

R T J WILSON
Cabinet Office
7 July 1989

PRIME MINISTER

*also filed in
HOUSING Policy Pt 15
LOCAL GOVT Planning Pt 6*

MEETING OF E(LF): TUESDAY 11 JULY

There are three items for E(LF) next Tuesday. I am afraid there is rather a weight of paper in the folder, but this minute is designed to guide you through it. Material on item 2 has kindly been provided by Caroline.

1. Homelessness

This is the third of the discussions you have had over the last six months or so on homelessness. The papers are:

Flag A - main paper by Nicholas Ridley

Flag B - Cabinet Office handling brief

Flag C - note from the Policy Unit, suggesting it is important not only to address the issues covered by Nicholas Ridley but also the problem of rootless youngsters.

2. Planning Appeals and Charges

The main papers are:

Flag D - latest minute from Nicholas Ridley

Flag E - Cabinet Office brief

Flag F - Carolyn Sinclair's very succinct and clear brief.

At the back of the divider are also some contributions from other Ministers, which you probably do not need to refer to.

The main issue is whether charging for appeals should be introduced solely in England or also in Scotland and Wales. There seems no reason why charging should not be introduced in England alone but it may be that Scotland and Wales can be persuaded to follow suit. The main stumbling blocks for

Mr. Walker and Mr. Rifkind appear to be concerned that the Treasury will not allow charges to be used by the Planning Inspectorates to improve service; and that charging will be a disincentive to businesses and homeowners.

On the first, the Treasury have been positive in discussions for the Planning Inspectorate in England. On the second, the Sainsbury Group have responded positively to proposals to introduce charging provided they are linked to positive improvements in performance. You might wish to explore the feeling on this at Monday's separate Sainsbury Group meeting; and to press in E(LF) on Tuesday for a clear commitment to the linking of charges to positive improvements in the performance of the Planning Inspectorate. A potential area of compromise is on the scale of the charging. Mr. Ridley wishes to cover the full cost of processing appeals.

Mr. Ridley wants to see the Planning Bill in the next Session. I believe it is still first reserve.

3. Standard Community Charge

You saw some of the papers on this subject last weekend, and decided it should be added to the E(LF) agenda.

The main papers are:

Flag G - Cabinet Office brief, which very helpfully details the main issues from the mass of ministerial exchanges.

Flag H - John Mills' note, which you saw last weekend.

At the back of the divider are the various ministerial exchanges, but these are very hard work to plough through, and I do not think you need bother with them; the two briefs at G and H should suffice.

PAUL GRAY

7 July 1989

SL2AVV

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2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

6 July 1989

Dear Secretary of State
STANDARD COMMUNITY CHARGE *at first*

Thank you for your letter of 29 June in response to mine of 23 June.

I certainly could not object to your having the same powers as are available to Peter Walker and me to prescribe maximum multipliers for certain classes of property. I would, however, still find great difficulties with any proposal to use this discretion to set a maximum multiplier of 1 in respect of any significant proportion of community charge properties. This would lead to great pressure on Peter and me to do the same in England and Wales, but there would be severe difficulties in our being seen to soften the effects of the charge in the case of people who would be represented by our opponents as a privileged class. While, therefore, I should be perfectly content for you to take the power to prescribe maximum multipliers, any specific proposals to exercise it in a way which differs from the situation in England and Wales should be the subject of consultation with E(LF) colleagues in the normal way.

From your letter it appears that there may be some misunderstanding of the nature of the proposal set out in my letter of 23 June. I was not suggesting that local authorities should have a discretion to remit or reduce the charge in individual cases. What I have in mind is a power by regulation to allow local authorities to make schemes under which people who fall within the terms of the scheme would be entitled to a reduction or remission of the charge. The regulations themselves could contain provisions on the fair and equitable application of such schemes, and I imagine that we should give general advice on how we see the power being used. Although it would be important to provide safeguards to ensure the power was not abused. I do not think we would want to be as prescriptive as to the

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classes of circumstance which would qualify people for a reduction or remission as you are suggesting. This is something which would be for individual local authorities to decide in the light of the criteria they had decided to adopt.

While I accept, of course, that local authorities have discretion now, the point is that if they exercise it they benefit all second home owners. Under my proposal an authority would be free to set a standard charge multiplier of 2, but would be able to set a lower multiplier for certain categories of property within the various classes. At the moment authorities can claim that the system is not flexible enough to enable them to be generous, and can blame the Government. Making the standard charge more "fine-tunable" would enable us to say quite genuinely that the remedy in particular sorts of cases lies in the hands of the local authority.

It follows that since I am not proposing a "hardship" relief to be operated in individual cases, the point you make about rebates does not really arise. It is worth making the point, however, that there are, of course, no rebates for the standard charge.

I think it would be undesirable to exempt all unoccupied and unfurnished property from the standard charge. We could, I think, be criticised if we adopt a policy which encouraged people to leave domestic property lying idle. The advantage of my proposal is that it would allow authorities to provide relief, if they wished, for property owned by people living in accommodation which went with their job, or property subject to a standard charge while an elderly person was being cared for by relatives or any of the other kinds of case which currently give rise to difficulties.

My proposal would also cover your suggestion that the existing period of grace provisions should apply to properties which are unoccupied and furnished. An authority would be able to provide any relief which seemed appropriate, without necessarily providing a windfall gain to every owner of such property.

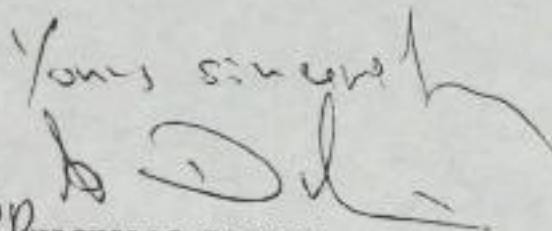

So far as holiday homes are concerned, I am proposing that commercially available holiday accommodation should in general be rateable as non-domestic property, except in cases where self-contained units of property are available for commercial letting for less than 140 days in the year. But I would see no difficulty in your making provisions which differed slightly in the details if you were so minded.

I short, I believe, that my proposals would provide a solution to the difficulties you identify, provided authorities made sensible use of the discretion available to them. It would be for the authorities themselves to justify any decision not to grant relief to people in circumstances which gave rise to controversy. It would, in my view, be better to take this approach than to involve Ministers directly in making decisions on which reliefs should or should not be offered. If, in the longer term, it becomes apparent that the standard charge is still giving rise to difficulties then we could consider a more direct use of powers to prescribe maximum

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multipliers (which, as I have said, I should be quite content for you to take). But I do not think we should go down the road until we have tried the alternative approach I have suggested.

I am sending copies of this letter to members of E(LF) and to Sir Robin Butler.

Yours sincerely

pp  NICHOLAS RIDLEY

(Approved by the Secretary of State
and Signed in his Absence)

Local Gov't: Rats

A 13



MR. MILLS
Policy Unit

MPs AND COMMUNITY CHARGE

In your minute of 6 July you argue that there could be controversy if MPs have their standard charge reimbursed. You describe this as "a fair likelihood"; it seems to me that it is almost bound to happen in most cases. My understanding is that MPs, other than London MPs, can claim ACA in respect of either their London home or their constituency home. Domestic rates are one of the costs allowed. I understand this is not taxable because it is treated as the reimbursement of an expense rather than the payment of a taxable benefit. MPs are, of course, paying rates in respect of their main residence.

It seems to me that the standard charge simply replaces rates in this system. For those on short leases there is a difference in that the rent and the standard charge are disaggregated whereas they are lumped together at present. In theory the total should not change.

One nuance not brought out in the Lord President's letter is that if an MP and his wife both come to London in the week and then both return to the constituency at the weekend they will pay two community charges and one standard charge. If their practice is that the MP comes to London in the week and his spouse stays in the constituency all week and he returns at weekends they will pay one community charge in each location. This, of course, could be a considerable saving. I would argue that they should not be allowed to claim against ACA the personal charge levied in whichever is designated as the second home. I conclude therefore that, either by legislation, or by self-denying ordinance, no personal charge should ever be claimable against ACA but that standard charges should be.

On Crown property I think your explanation is clearer than the Lord President's.

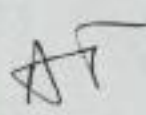
I will check the position in relation to the Royal Palaces. I know there is a difficulty on the Royal Estates where the agricultural workers are employed on terms which are net of rates. In order to leave their employees net pay unchanged the Estate has to increase pay not only by the amount of the personal charge but by that amount grossed up for tax. In addition the Estate may need to do the same for the worker's wife as well.

The issue of standard charges is on the agenda for E(A) on Tuesday. Could we have a word on Monday about whether to advise the Prime Minister to raise this. Could you in the meantime check with the Lord President's Office:

(i) that ACA can be claimed in respect of either the London or constituency home;

(ii) that it is not treated as a taxable benefit at present and that reimbursement of the standard charge would not be either; and

(iii) that where the MP and spouse live apart in the week there is no question of claiming the personal charge at the second residence.



(ANDREW TURNBULL)

6 July 1989

CONFIDENTIAL

ANDREW TURNBULL

6 July 1989

MPs AND COMMUNITY CHARGE

John Wakeham's ^{attached} letter of 5 July to Nicholas Ridley needs very careful consideration, especially with regard to the position of Ministers in relation to payment of standard charge. There are also questions as to tax treatment of reimbursements.

To the extent that standard charge becomes a contentious issue in England next year, as it has done in Scotland, Minister with constituencies outside London could be potentially very embarrassed if it emerged that they were getting standard charge reimbursed. (The same goes for MPs). In my judgement there is a fair likelihood of this.

The scope of the existing ACA reimbursement is likely to widen since standard charge would arise not only on freehold second homes, but also those rented on leases longer than six months (on which it may be that rates are not now separately charged by the landlord). For some Members, the question would also arise of reimbursement of the collective charge. Thus it quite possible that the Resolution on ACA will have to be amended anyway.

The question also arises whether reimbursement of standard charge would not be a taxable benefit? I recall that this was the advice regarding reimbursement of the personal charge of those in the Chequers tied cottages. I presume that reimbursement of standard charge to MPs would fall to be treated in the same way. Advice from the Inland Revenue is obviously needed.

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What John Wakeham says about Ministers living in Crown Property seems to be misleading. If Ministers have their sole or main residence in a Crown building they are liable to personal charge in the normal way. By definition, the standard charge obligation arises on an individual (which could be the Crown) as a result of a freehold or leasehold interest in domestic property not used as a sole or main residence. I do not see therefore how a standard charge obligation could fall on a Minister by virtue of his living in Crown property.

But if what John Wakeham means is that such Ministers would have their personal charge met from public funds then that would clearly be a taxable benefit, other sensitivities apart. The justification for any such reimbursement, however, does not look strong.

Indeed, if E(LF) next week confirms the sensitivity of the whole issue of standard charge in relation to Ministers, the Prime Minister may wish to consider a self-denying ordinance upon them all so that none reclaim any standard charge under ACA.

Separately, all this prompts me to ask whether the Palace has received any guidance on these difficult subjects. The Queen apart (I think), all residents of the Palace and other Royal residences will be liable to personal charge, thus possibly giving rise to the reimbursement/taxable benefit issue. Standard charge will also arise in respect of buildings not held by the Queen in right of the Crown. There is scope for embarrassment in that the charge arising on, say, Sandringham is likely to be very significantly lower than the current level of rates. I imagine this has already happened with Balmoral.

John Mills

JOHN MILLS

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PRIME MINISTER

P 03499

RSG SETTLEMENT 1990-91: SAFETY NET AND ILEA SPECIFIC GRANT

[Minutes from Mr Ridley (dated 5 July) and
Mr Baker (dated 3 July)]

DECISIONS

E(LF) discussed the safety net briefly on 22 June. Members were invited to put any further thoughts in writing but none has done so. Mr Ridley's minute reflects his further discussions today with you and Mr Major. You may wish to reach decisions on:

See Mr. Ridley's minute at Page B

i. the new proposals for the safety net. If these are agreed, the next formal step is for the outcome on the whole grant settlement to be reported orally to the public expenditure Cabinet next week, 12 July.

Page C

ii. specific grant for ILEA. Mr Baker's note gives more details about the grant which E(LF) agreed last time.

iii. legislation. The two new specific grants - for low rateable value authorities and for ILEA - require legislation. There is a procedural question about whether the one for low rateable value authorities can be done in the House of Lords.

iv. announcement. Mr Ridley is likely to want to announce the grant settlement on or around Monday 17 July. Presumably he will also announce the decisions on the safety net at the same time.

NEW SAFETY NET

2. The new arrangements for the safety net which you discussed this morning are as follows.

i. The general safety net would give partial protection to losers in 1990-91, not full protection as originally proposed. Losses of £25 per adult would be allowed to come through.

ii. This protection would be financed by removing 53% of gains in all gaining authorities in 1990-91, allowing them to keep 47% of their gains.

iii. In addition, there would be a new specific grant to give additional protection to low rateable value authorities, mainly in the North (eg Pendle, Rossendale). This would meet their losses of £25 per adult under the safety net, at a cost of about £100m in 1990-91. This would be new money, increasing the AEF total to £23.1 bn. The grant would be phased out over 5 years, with nothing payable by 1995-96.

iv. There would also, as already agreed, be a specific grant for education in inner London, again costing £100m, paid on the basis proposed by Mr Baker.

3. The effects of this package are illustrated in the new (simplified) table attached to Mr Ridley's minute. This shows that most losers will be worse off than under the original safety net, by £25 per adult. But those authorities with the lowest rateable values will see no change in their position because of the new specific grant. Most gainers will be better off, because they will now receive 47% of their gains in 1990-91. But very large gainers (eg Westminster) will be worse off because of the removal of the £75 maximum contribution to the safety net.

4. You will want to invite E(LF) to endorse these agreed proposals and invite Mr Ridley to put in hand the necessary detailed work.

ILEA SPECIFIC GRANT

5. Mr Baker's minute sets out more details of the specific grant proposed in Mr Ridley's earlier paper (E(LF)(89)3) to ease the abolition of the ILEA in 1990-91 and subsequent years. The main features are:

i. the specific grant would be paid for five years from 1990-91 to 1994-95;

ii. £100m would be paid in 1990-91, from within the AEF total. Thereafter the grant would be reduced progressively. Mr Baker gives illustrative figures of £70m, £50m, £20m and £10m for the remaining 4 years;

iii. the grant would be distributed between boroughs on the basis of a stable formula, not as a percentage of spending. The formula requires further work.

6. I understand that Mr Ridley and Mr Major are content with these proposals. E(LF) will probably want to endorse them.

LEGISLATION

7. The new specific grant for low rateable value authorities in the North would require legislation. This would need to be introduced in the Lords by way of amendment to the Local Government and Housing Bill. We understand that this may create difficulties with Parliamentary procedure because the provisions are financial. You may wish to seek the Business Managers' views. (Mr Baker's proposals for the ILEA specific grant would also require legislation, but only in the form of a minor amendment to extend the scope of an existing power: this is not expected to cause difficulties.)

HANDLING

8. You may wish to ask the Secretary of State for the

Environment to introduce the new proposals, followed by the Chief Secretary, Treasury. No other member of the Sub-Committee has taken up the invitation to put forward views in writing although some service Ministers may wish to comment. You will wish to ask the Business Managers about the legislative implications.

R.T.J.

R T J WILSON

5 July 1989

CONFIDENTIAL



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

5 July 1989

MPs AND COMMUNITY CHARGE

As you are aware, MPs with constituencies outside London can claim against the Additional Costs Allowance (ACA) for the reimbursement of rates on a second home if they need one for the purpose of performing their Parliamentary duties.

When rates are replaced by community charge in England and Wales it is likely that Members will pay a standard community charge in respect of the accommodation for which they currently claim rates on ACA. I should be grateful for your agreement that I may advise the Fees Office to accept claims for the reimbursement of standard community charge in the circumstances where they would have previously accepted claims for rates.

I think that this can be ring-fenced against other groups trying to claim reimbursement of the personal charge because Members will already be paying a personal charge in respect of their main residences. There can be no question of reimbursing this.

A secondary justification is that a distinction can be made between the personal charge, with its characteristics as a personal tax, and the standard charge, where the liability derives from a legal interest in the property and can, therefore, be considered as a tax on property like rates.

Lastly, my legal advice is that, as it stands, the Resolution on ACA would permit the reimbursement of standard charges but not personal charges. The Resolution would have to be amended if we wanted to block the reimbursement of standard charge. I should not welcome the prospect of getting this through the House, especially as the standard charge in Westminster may be amongst the highest in the country, and it has been decided that Ministers living in Crown property will have their standard charge met from public funds. The explanation (that this follows because they have no legal interest in the property), is unlikely to cut much ice with backbenchers.

I therefore hope you can agree to my proposal. I am copying this to the Prime Minister, Malcolm Rifkind, Peter Walker and other members of the Cabinet.

John Wakeham

JOHN WAKEHAM

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



PRIME MINISTER

1989 GRANT SETTLEMENT

At our meeting of E(LF) on ~~22~~ ^{attached} June it was agreed that I should look for an alternative to the term 'needs grant', in the same way as I had done for the other key terms in the grant settlement. I am writing now to let you know my preferred alternative.

The statutory name will remain Revenue Support Grant. That name will, therefore, appear on the annual report and on any other statutory document. What we are looking for is a more colloquial alternative that I can use in speeches etc, that is easily remembered and will convey something to the man in the street. I have concluded that the best term is 'Standard Spending Grant'.

This will fit in with the other terms we have agreed. We will have Total Standard Spending for authorities in aggregate, Standard Spending Assessments for each individual authority, the Community Charge for Standard Spending (CCSN) and Standard Spending Grant. Moreover it is an accurate description of what the grant does: it supports spending at the standard level but spending above that level is not supported by grant at all. It makes it very clear that grant is linked only to our assessment, not to authorities own budget decisions.

I am copying this to other members of E(LF). I should be glad of a quick response on this point, as I shall need to include these new terms in my July announcement about the Settlement.

PP *NR*

5 July 1989

(Approved by the Secretary of State and signed in his absence)



Prime Minister

REVENUE SUPPORT GRANT SETTLEMENT 1990/91: THE SAFETY NET

minutes with Pa.
Following our discussions at E(LF) on 22 June, I have given further thought to the form of the safety net. No other colleague has made any comment but I have discussed the matter with John Major. I am writing to let you know what he and I now think would be our best option.

I continue to think that it is reasonable for some of the losses which will be experienced on moving to the new system to come through in the first year. As I said before, £25 seems to me to be the sort of amount everyone could be asked to bear. In the same way I think that the smaller and medium size gains ought to come through to a greater extent than under our original proposals.

The proposal which best meets these broad objectives is the safety net for the first year shown in column 7 of the table attached to my paper E(LF)(89)4. This allows through up to £25 of losses, but gives full protection for all losses above that. This protection is paid for by gainers contributing 53% of their gains, so the big gainers contribute more than the small gainers. Every gainer retains some of their gain. (The heading to column 7 of the table erroneously showed gainers contributing 57% of gains.) Using new data may change this figure again slightly.

I have illustrated this option in column 3 of the attached table, but with a further refinement to address a particular problem John and I have identified. This is that most of the losses will be born in the North, while most of the gains come through in the South of England. In many areas of the North, average rate bills are low because rateable values are low. A £25 loss would be a greater proportionate burden for those areas than elsewhere - and one which they are not expecting to bear.

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A simple way to help would be to prevent any loss feeding through in the worst hit areas. I have illustrated how charges would look if we offered full protection to areas where the average rateable value per domestic hereditament was very low, below £135, tapering to no extra protection in areas with an average RV of £150 or more. About 50 authorities would benefit from this refinement - a list is at annex B.

In the exemplifications, I have assumed we would offer this extra help by way of a specific grant costing £100 million. John Major has reluctantly agreed to a corresponding increase in AEF to £23.1 billion. This would complement the £100 million we are proposing to give to Inner London. It would be extra money to deal with a particular problem; it would mean we could phase it out in whatever way we thought best. I shall want to consider the most appropriate way of phasing it out over the five years which I think is the right period. But I think it would be better not to announce details of the phasing out yet, so as not to tie our hands. But it does have the disadvantage that we need to take new powers, by amendment while the Local Government and Housing Bill is in the Lords; there may be procedural difficulties in dealing with a financial measure of this kind in the Lords.

I would propose to include in my July announcement an outline of the proposed new form of the net. The £25 maximum loss figure would be firm but the exact percentage of gains needed to pay for it can only be worked out in the Autumn. I would also propose to mention the extra protection for low RV areas.

I am sending copies to members of E(LF) and Sir Robin Butler and I invite colleagues to endorse my proposals.

R. B. G. 21

R. B. G. N R

5 July 1989

(approved by the Secretary of State and signed in his absence).

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8bn

AEF £23.1bn, of which £200m for specific grants. Gross Total Standard Spending £32.8bn

DOE E(LF) Standard Spending Assessment Package

Inner London charges reduced by £100m ILEA specific grant

1990/91 charges reduced by £100m specific grant in losing areas with low domestic RV per hereditament

	COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run change	COL 3 Up to £25 loss, 47% of gains allowed	COL 4 Effect on charge of 1% rise in spending
Total England	280	273	271	8
Total Inner London	343	397	294	13
Total Outer London	324	310	318	9
Total Metropolitan Areas	273	287	268	9
Total Shire Areas	271	249	259	7

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COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run charge	COL 3 Up to £25 loss, 47% of gains allowed	COL 4 Effect on charge of 1% rise in spending
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GREATER LONDON

City of London	541	325	421	2
Camden	446	442	425	12
Greenwich	285	579	246	13
Hackney	351	239	263	15
Hammersmith and Fulham	373	563	348	14
Islington	446	425	416	14
Kensington and Chelsea	393	205	282	9
Lambeth	309	334	277	14
Lewisham	275	423	241	12
Southwark	281	439	247	15
Tower Hamlets	282	397	240	16
Wandsworth	202	350	175	11
Westminster	587	341	449	13
Barking and Dagenham	244	365	269	9
Barnet	361	246	307	7
Bexley	247	294	272	7
Brent	491	461	477	13
Bromley	255	260	260	6
Croydon	267	164	219	7
Ealing	321	312	317	10
Enfield	316	274	296	8
Haringey	532	566	557	14
Harrow	327	264	298	8
Havering	257	298	282	7
Hillingdon	328	402	353	9
Hounslow	373	351	362	10
Kingston-upon-Thames	324	328	328	8
Merton	285	304	304	8
Newham	356	319	339	14
Redbridge	231	242	242	7
Richmond-upon-Thames	357	305	332	6
Sutton	309	307	308	7
Waltham Forest	325	275	302	10

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GREATER MANCHESTER				
Bolton	242	243	243	9
Bury	308	308	308	8
Manchester	322	288	306	11
Oldham	237	259	255	10
Rochdale	262	343	277	10
Salford	286	283	285	9
Stockport	313	269	292	8
Tameside	253	304	274	9
Trafford	287	235	263	8
Wigan	269	343	294	9
MERSEYSIDE				
Knowsley	300	247	275	11
Liverpool	302	276	290	11
St Helens	262	313	287	9
Sefton	288	270	279	8
Wirral	381	350	366	10
SOUTH YORKSHIRE				
Barnsley	221	367	221	8
Doncaster	258	372	270	9
Rotherham	249	349	255	9
Sheffield	278	384	287	9
TYNE AND WEAR				
Gateshead	248	324	255	9
Newcastle upon Tyne	279	335	304	10
North Tyneside	313	345	338	9
South Tyneside	236	301	251	9
Sunderland	217	275	225	9
WEST MIDLANDS				
Birmingham	281	193	240	10
Coventry	311	281	297	10
Dudley	302	250	277	8
Sandwell	279	211	247	9
Solihull	318	208	267	7
Walsall	305	255	282	9
Wolverhampton	306	196	255	10
WEST YORKSHIRE				
Bradford	218	277	218	10
Calderdale	236	379	236	10
Kirklees	217	327	217	9
Leeds	223	254	244	8
Wakefield	237	345	242	8

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AVON				
Bath	255	298	280	7
Bristol	298	343	323	8
Kingswood	263	264	264	7
Northavon	299	276	288	7
Wansdyke	278	288	288	7
Woodspring	305	285	296	7
BEDFORDSHIRE				
North Bedfordshire	310	238	276	8
Luton	361	233	301	8
Mid Bedfordshire	316	245	282	8
South Bedfordshire	364	273	322	8
BERKSHIRE				
Bracknell	305	239	274	7
Newbury	299	178	242	7
Reading	274	225	251	8
Slough	265	150	211	7
Windsor and Maidenhead	349	241	298	7
Wokingham	340	202	276	7
BUCKINGHAMSHIRE				
Aylesbury Vale	288	186	240	7
South Bucks	458	213	344	7
Chiltern	463	231	354	7
Milton Keynes	331	217	278	8
Wycombe	386	223	310	7
CAMBRIDGESHIRE				
Cambridge	323	249	288	7
East Cambridgeshire	235	212	224	7
Fenland	223	230	230	7
Huntingdonshire	250	208	230	7
Peterborough	274	256	265	7
South Cambridgeshire	297	192	248	6
CHESHIRE				
Chester	303	258	282	7
Congleton	280	256	269	7
Crewe and Nantwich	308	276	293	8
Ellesmere Port and Neston	292	267	281	8
Halton	259	267	267	8
Macclesfield	357	252	308	7
Vale Royal	267	253	260	7
Warrington	266	270	270	8

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<hr/>				
CLEVELAND				
Hartlepool	247	301	263	10
Langbaugh-on-Tees	308	337	333	10
Middlesbrough	275	330	300	10
Stockton-on-Tees	298	302	302	10
CORNWALL				
Caradon	220	218	219	7
Carrick	229	228	229	7
Kerrier	194	219	215	7
North Cornwall	220	215	218	7
Penwith	205	219	217	7
Restormel	205	217	217	7
CUMBRIA				
Allerdale	197	282	197	8
Barrow in Furness	198	321	198	8
Carlisle	227	282	238	8
Copeland	191	293	191	8
Eden	208	256	208	7
South Lakeland	249	280	274	8
DERBYSHIRE				
Amber Valley	249	316	274	8
Bolsover	225	342	226	8
Chesterfield	257	342	282	8
Derby	311	311	311	8
Erewash	265	325	290	8
High Peak	254	328	279	8
North East Derbyshire	277	347	302	8
South Derbyshire	281	309	306	8
Derbyshire Dales	297	315	315	8
DEVON				
East Devon	241	224	233	7
Exeter	216	238	238	7
North Devon	185	220	205	7
Plymouth	217	223	223	7
South Hams	257	229	244	7
Teignbridge	225	229	229	7
Mid Devon	193	220	218	7
Torbay	258	293	283	7
Torridge	169	216	169	7
West Devon	205	212	212	7

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DORSET				
Bournemouth	254	251	253	7
Christchurch	305	248	278	6
North Dorset	216	193	205	6
Poole	292	235	265	6
Purbeck	227	197	213	6
West Dorset	222	203	214	6
Weymouth and Portland	203	233	228	6
East Dorset	317	235	279	6
DURHAM				
Chester-le-Street	237	281	261	8
Derlington	248	285	273	8
Derwentside	209	301	209	8
Durham	227	280	252	8
Easington	200	288	200	8
Sedgefield	225	325	225	8
Teesdale	183	224	183	7
Wear Valley	205	313	205	8
EAST SUSSEX				
Brighton	335	348	348	8
Eastbourne	343	269	308	7
Hastings	269	238	255	7
Hove	290	223	259	7
Lewes	309	228	271	6
Rother	325	221	276	6
Wealden	289	224	259	6
ESSEX				
Basildon	434	353	396	8
Braintree	302	229	268	7
Brentwood	408	386	397	8
Castle Point	339	234	290	7
Chelmsford	371	229	304	7
Colchester	291	230	263	7
Epping Forest	414	267	346	7
Harlow	425	417	422	9
Maldon	327	224	279	7
Rochford	363	242	307	7
Southend-on-Sea	357	254	309	7
Tendring	310	246	280	7
Thurrock	365	313	341	8
Uttlesford	363	226	299	7

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GLOUCESTERSHIRE				
Cheltenham	280	255	268	7
Cotswold	282	223	254	7
Forest of Dean	201	228	226	7
Gloucester	231	232	232	7
Stroud	251	241	246	7
Tewkesbury	270	215	244	6
HAMPSHIRE				
Basingstoke and Deane	249	162	208	6
East Hampshire	287	173	234	6
Eastleigh	282	187	238	6
Fareham	287	182	238	6
Gosport	245	189	219	7
Hart	314	191	256	6
Havant	280	175	231	7
New Forest	264	190	229	6
Portsmouth	205	219	219	7
Rushmoor	231	174	205	7
Southampton	221	190	206	7
Test Valley	262	164	216	6
Winchester	293	176	239	6
HEREFORD AND WORCESTER				
Bromsgrove	264	175	222	6
Hereford	185	173	179	6
Leominster	176	147	163	6
Malvern Hills	258	185	224	6
Redditch	270	214	244	7
South Herefordshire	189	148	170	6
Worcester	259	216	239	7
Wychavon	280	191	238	6
Wyre Forest	242	215	229	7
HERTFORDSHIRE				
Broxbourne	326	264	297	7
Decorum	375	253	318	7
East Hertfordshire	336	274	307	7
Hertsmere	405	298	355	7
North Hertfordshire	374	265	323	7
St Albans	389	259	328	7
Stevenage	386	332	361	8
Three Rivers	406	277	345	7
Watford	340	283	313	8
Welwyn Hatfield	417	337	380	8

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £52.8bn

AEF £23.1bn, of which £200m for specific grants. Gross Total Standard Spending £52.8bn

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HUMBERSIDE				
Beverley	317	302	310	8
Boothferry	220	309	226	9
Cleethorpes	264	332	289	9
Glanford	259	286	284	8
Great Grimsby	251	322	276	9
Holderness	262	288	287	8
Kingston upon Hull	233	330	233	9
East Yorkshire	242	318	255	9
Scunthorpe	284	372	309	9
ISLE OF WIGHT				
Medina	245	250	250	7
South Wight	269	265	267	7
KENT				
Ashford	239	198	220	7
Canterbury	224	199	212	7
Dartford	218	235	235	7
Dover	198	188	193	7
Gillingham	211	187	199	7
Gravesham	232	193	214	7
Maidstone	231	180	207	7
Rochester upon Medway	205	163	186	7
Sevenoaks	257	192	227	7
Shepway	278	229	255	7
Swale	198	203	203	7
Thanet	234	209	222	7
Tonbridge and Malling	229	224	227	7
Tunbridge Wells	245	190	219	7
LANCASHIRE				
Blackburn	183	235	183	8
Blackpool	239	290	264	8
Burnley	176	260	176	8
Chorley	228	239	239	8
Fylde	272	250	262	8
Hyndburn	176	257	176	8
Lancaster	211	254	236	8
Pendle	169	270	169	8
Preston	233	221	227	8
Ribble Valley	215	246	240	8
Rossendale	199	277	199	8
South Ribble	228	249	249	8
West Lancashire	275	239	258	8
Wyre	239	249	249	8

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<hr/>				
LEICESTERSHIRE				
Blaby	266	226	247	7
Charnwood	265	213	241	7
Harborough	307	244	278	7
Hinckley and Bosworth	257	233	245	7
Leicester	232	289	257	9
Melton	258	231	246	7
North West Leicestershire	258	249	254	8
Oadby and Wigston	281	244	263	7
Rutland	243	212	229	7
LINCOLNSHIRE				
Boston	208	225	225	7
East Lindsey	204	207	207	7
Lincoln	199	225	222	7
North Kesteven	205	203	204	7
South Holland	204	224	224	7
South Kesteven	222	211	217	7
West Lindsey	200	203	203	7
NORFOLK				
Breckland	223	214	219	7
Broadland	253	218	237	6
Great Yarmouth	222	243	243	7
North Norfolk	228	215	222	7
Norwich	256	261	261	7
South Norfolk	251	233	243	7
King's Lynn and West Norfolk	203	220	220	7
NORTHAMPTONSHIRE				
Corby	274	248	262	8
Daventry	303	248	277	8
East Northamptonshire	233	215	224	7
Kettering	246	244	245	8
Northampton	296	282	290	8
South Northamptonshire	293	209	254	7
Wellingborough	242	231	237	8
NORTHUMBERLAND				
Alnwick	242	296	267	8
Berwick-upon-Tweed	231	295	238	8
Blyth Valley	271	345	296	8
Castle Morpeth	303	288	296	8
Tynedale	257	288	282	8
Wansbeck	238	348	240	8

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NORTH YORKSHIRE				
Craven	197	239	211	7
Hambleton	226	236	236	7
Harrogate	260	273	273	7
Richmondshire	187	231	212	7
Ryedale	211	248	236	7
Scarborough	204	269	221	7
Selby	205	263	230	7
York	187	248	193	7
NOTTINGHAMSHIRE				
Ashfield	206	257	215	7
Bassetlaw	228	260	253	8
Broxtowe	258	260	260	7
Edling	274	254	265	7
Mansfield	225	279	248	8
Newark and Sherwood	249	250	250	7
Nottingham	234	250	250	8
Rushcliffe	289	249	270	7
OXFORDSHIRE				
Cherwell	269	232	252	6
Oxford	294	220	259	6
South Oxfordshire	321	230	278	6
Vale of White Horse	302	220	264	6
West Oxfordshire	272	220	248	6
SHROPSHIRE				
Bridgnorth	228	187	209	7
North Shropshire	200	201	201	7
Oswestry	202	222	222	7
Shrewsbury and Atcham	251	223	238	7
South Shropshire	208	188	199	7
Wrekin	267	256	262	8
SOMERSET				
Mendip	250	249	250	7
Sedgemoor	259	268	268	7
Taunton Deane	255	264	264	7
West Somerset	271	264	268	7
South Somerset	259	264	264	7

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STAFFORDSHIRE				
Cannock Chase	244	255	255	7
East Staffordshire	230	229	229	7
Lichfield	294	230	264	7
Newcastle-under-Lyme	238	254	254	7
South Staffordshire	291	224	260	7
Stafford	252	226	240	7
Staffordshire Moorlands	233	242	242	7
Stoke-on-Trent	210	255	235	7
Tamworth	264	244	255	7
SUFFOLK				
Babergh	253	249	251	7
Forest Heath	226	229	229	6
Ipswich	283	287	287	7
Mid Suffolk	241	228	235	7
St Edmundsbury	230	214	222	6
Suffolk Coastal	287	238	264	7
Maverney	231	244	244	7
SURREY				
Elmbridge	443	304	379	7
Epsom and Ewell	398	323	363	7
Guildford	334	224	282	6
Hole Valley	336	262	301	7
Reigate and Banstead	358	276	319	6
Runnymede	294	247	272	6
Spelthorne	293	234	266	6
Surrey Heath	352	241	300	6
Tandridge	302	280	292	7
Waverley	362	240	305	6
Woking	368	288	331	7
WARWICKSHIRE				
North Warwickshire	307	306	307	7
Nuneaton and Bedworth	308	317	317	8
Rugby	313	281	298	7
Stratford on Avon	369	268	322	7
Warwick	361	283	325	7

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8bn

AEF £23.1bn, of which £200m for specific grants. Gross Total Standard Spending £32.8bn

DOE E(LF) Standard Spending Assessment Package

Inner London charges reduced by £100m ILEA specific grant

1990/91 charges reduced by £100m specific grant in losing areas with low domestic RV per hereditament

	COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run charge	COL 3 Up to £25 loss, 47% of gains allowed	COL 4 Effect on change of 1% rise in spending
WEST SUSSEX				
Adur	281	238	261	6
Arun	270	209	241	6
Chichester	262	192	229	6
Crawley	269	270	270	7
Horsham	261	179	223	6
Mid Sussex	287	209	251	6
Norththing	248	217	234	6
WILTSHIRE				
Kennet	241	227	235	7
North Wiltshire	226	256	251	7
Salisbury	262	224	244	7
Thamesdown	253	302	278	7
West Wiltshire	232	260	257	7
ALL PURPOSE AUTHORITY				
Isles of Scilly	214	505	239	11

AREAS BENEFITTING FROM SPECIFIC GRANT

Burnley
Pendle
Wear Valley
Hyndburn
Barrow in Furness
Calderdale
Teesdale
Easington
Kirklees
Barnsley
Copeland
Blackburn
Rossendale
Derwentside
Kingston upon Hull
Bradford
Torridge
Sedgefield
Allerdale
Eden
Bolsover
Wansbeck
Wakefield
York
Boothferry
Rotherham
Berwick-upon-Tweed
Gateshead
Sunderland
Ashfield
Sheffield
Carlisle
Doncaster
East Yorkshire
Craven
Rochdale
South Tyneside
Hartlepool
Scarborough
North Devon
Oldham
Tameside
Penwith
Leeds
Kerrier
Lincoln
Mansfield
High Peak
Chester-le-Street
Bassetlaw

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PRIME MINISTER

MEETING OF E(LF): 6 JULY

There are two items on the agenda for tomorrow's meeting:

1. Final details of the revenue support grant settlement.
2. Transitional arrangements for the business rate.

The papers for each are in the two dividers below.

1. Revenue support grant settlement and safety net

Following your meeting with Nick Ridley and John Major this morning, this item should be settled quite quickly. The points to cover are:

- obtain endorsement for the new safety net package;
- endorse the detailed arrangements for the specific grant for ILEA agreed at the last meeting;
- consider the procedural arrangements in the Lords for the legislative amendment for low rateable value areas
- timing of an announcement of the local authority settlement;
- fixing of a new name for "needs grant"; the latest suggestion is "standard spending grant".

The papers in the divider are:

- Flag A - Cabinet Office brief. You can use this to steer the discussion, except for the last point on "needs grant" which it does not cover.
- Flag B - a new minute from Nick Ridley following your talk with him and John Major this morning.
- Flag C - note from Mr. Baker on details of the ILEA transitional grant.
- Flag D - further minute from Nick Ridley on the "needs grant".
- Flag E - (purely for reference). The original Nick Ridley paper on the safety net which was available at the last E(LF) meeting.

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2. Business rate transitional arrangements

You saw the papers for this item again over the weekend. You supported the compromise put to you by John Mills and suggested that, if others could accept it, there would be no need for a discussion.

I discussed this with John Major's and Nick Ridley's offices. John Major (who gets far the better of the compromise) was content, but Nick Ridley was not, and he has asked to keep the issue on tomorrow's agenda.

The essence of the proposed compromise is:

- resist Nick Ridley's revised proposal for a "premium" and stick to the original concept of a balanced package for gainers and losers;
- accept Nick Ridley's proposed increase in the threshold for small businesses;
- accept Nick Ridley's proposal to limit protection to existing occupiers rather than existing properties.

You will presumably want to seek to steer the discussion to this conclusion.

The papers in the folder are:

Flag F - summary paper by Nick Ridley attaching the earlier correspondence;

Flag G - Cabinet Office brief;

Flag H - John Mills' brief.

PA.G.

PAUL GRAY

5 July 1989



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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

5 July 1989

Dear Nick,
HARMONISATION OF RATING: DECAPITALISATION RATE

Thank you for your letter of 20 June proposing that we each use our powers to prescribe common decapitalisation rates of 6% and 4% as previously agreed. I have also seen Peter Walker's letter of 28 June agreeing to your proposal.

I have been considering the responses to the consultation exercise in Scotland and I have seen nothing to suggest that we need modify our views on a 6% rate for most subjects. Similarly, I agree a lower rate of 4% is justified for schools, universities, polytechnics and colleges of further and higher education provided by local authorities and non-profit making bodies. Like you, I will have to modify my powers to encompass the last of these. I agree also that the question of the inclusion or exclusion of health centres at the lower rate can be settled at a later date.

The consultation exercise has highlighted something which we already suspected, which is that a greater number of types of property are valued on the contractors basis in Scotland than in England and Wales. Those which could possibly cause me difficulties are sports grounds, amateur sports clubs and certain church properties. Sports grounds have featured in the harmonisation discussions but I understand practice will continue to differ north and south of the Border in 1990, with the Scottish assessors continuing to value on the contractors basis and the IRVO on the basis of revenue. The interim report on the harmonisation discussions holds out the possibility of harmonisation of values north and south of the Border for these subjects, but I understand that this would not be possible with a 6% rate. At present the assessors apply a rate of 5% but my inclination is to include them at 4%. On amateur sports clubs, it may be that sufficient rental evidence will be available to assessors, but where they resort to the contractors basis a rate of 6% would result in unacceptably high values. I propose, therefore, to reserve my position on the rates to be applied to all these properties, and I suggest

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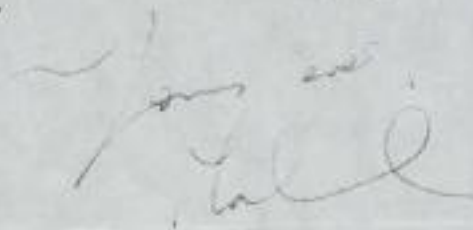
FAB181M1

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the following addition to the answer to the arranged PQ, to be inserted before the last sentence.

"My Right Honourable Friend, the Secretary of State for Scotland, is giving further consideration to the rates to be applied to sports grounds, to amateur sports clubs and to church property valued on the contractors basis in Scotland".

I am copying this letter to the Prime Minister, John Major, Peter Walker, Kenneth Baker and Kenneth Clarke.



MALCOLM RIFKIND

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FAB181M1

LOCAL GOVT: Raths PT 13



PRIME MINISTER

P 03497

RSG SETTLEMENT 1990/91: SAFETY NET AND ILEA SPECIFIC GRANT

(E(LF) (89)4; minute of 3 July from the Secretary of State for Education; letters of 30 June from the Private Secretaries to Mr Ridley and Mr Major - not copied to other E(LF) members)

DECISIONS

1. There are two main issues: the safety net and the proposed specific grant for education in inner London.

2. The papers are now very confusing. You may find it helpful to go back to the basic questions:

i. how far losers should be protected. There are two options: full protection for losers in 1990/91 (the original proposal); or partial protection which would mean that, for instance, £26 per adult of the losses would feed through in year one. Both Mr Ridley and Mr Major now back partial protection. You will want to consider whether you agree.

ii. whether, if you back partial protection, there should be full protection for low rateable value (RV) authorities in the North. Mr Major proposes such a scheme, as part of the safety net. Mr Ridley has reservations about how such a scheme could be justified. But if it were adopted he would favour a specific grant rather than an adjustment to the safety net. You will want to decide whether there should be full protection for some authorities in the North, and if so how long it should last before it begins to be phased out.

iii. where the costs of the safety net should fall. The three main options are first, removing all gains up to a specified limit, eg £75 per adult (the original proposal); or second, removing a proportion of all gains, eg about 60% (the option favoured by the Chief Secretary); or third, a

flat rate contribution from gainers and losers alike, eg £26 per adult (the option favoured by Mr Ridley). You will wish to decide which option is best.

iv. the mechanism for financing the safety net. Mr Major favours the original proposal for a self-financing safety net, operating entirely through adjustments to needs grant entitlements. Mr Ridley would prefer to use a specific grant, or what he calls "top-slicing" of needs grant, so that contributions to the safety net would not appear on community charge bills. This point is presentational. It would increase the community charge for standard spending, and would need legislation. These disadvantages may outweigh the benefits.

v. the details of the specific grant for education in inner London. These have been agreed between Mr Baker, Mr Ridley and Mr Major. But the combination of a needs grant and the safety-net may give rise to some perverse effects

MAIN DECISIONS

Protection for losers

3. The aim of the safety net is to protect domestic taxpayers in areas where the community charge will be higher than the average rate bill per adult. There are two main options for providing protection:

i. full protection. The main advantage of full protection is that it allows no losses to feed through in 1990/91. It holds down community charges in areas like central London and the North where there are concentrations of losing authorities, and it therefore makes a special scheme to protect community charge payers in these areas unnecessary. Its main disadvantages are that it is expensive, imposing greater burdens on areas which stand to gain; that it prevents any movement towards the eventual and correct level

of community charges in losing areas in 1990/91; and that it therefore means sharper increases in charges in later years.

ii. partial protection, allowing eg £26 per adult of losses to feed through in 1990/91. The main advantages of this option are that it is less costly, so that gainers get more of their gains in 1990/91; and that all areas make some movement towards their eventual community charges in year one. The disadvantages are that community charges in sensitive areas like parts of inner London and the North are higher; and that special schemes to protect some of these areas may be needed.

4. The Government's original proposals provided full protection. This will be the basis of public expectations. But Mr Ridley and Mr Major both favour a move to partial protection, with losses of perhaps £25-26 per adult feeding through in 1990/91. You will wish to consider whether it would be right to adopt this option.

A special scheme for low RV authorities

5. If you decide in favour of partial protection for losers, the next question is whether there should be a special scheme to protect authorities with low rateable values in the North of England.

6. You will wish to decide whether there should be such a scheme. It would refund the losses of £25-26 per adult in qualifying authorities (perhaps those with average domestic rateable values below £135 per dwelling). The main advantage would be that it would reduce the community charge in a number of sensitive authorities, including some where £25 per adult would imply a large percentage increase in tax bills. The main disadvantages are the cost to the Exchequer of £70-100m; and the sharper losses which the authorities concerned would suffer in the remaining years of the transition. The presentation of the special scheme could also be difficult. Mr Ridley has sketched

out how the scheme might be justified. But he is likely to argue that the case is unconvincing, and that the scheme will be seen as a politically inspired fix. He may suggest that the money would be better spent elsewhere: for instance, to ease the burden of the general safety net.

Meeting the cost of the safety net

7. The cost of protecting losers from their full community charges has to be met by increased charges in other areas. There are three main options:

i. removing all gains up to a limit (eg £75 per adult with full protection for losers or £39 per adult with partial protection). This was the Government's original proposal, on which public expectations will be based. Its main advantages are that no gainers become losers, and that there is a limit on the contribution any area is asked to make to the safety net. Its main disadvantage is that the great majority of gains are reduced to zero in 1990/91, so that few areas see any benefit from the community charge.

ii. removing a proportion of all gains (eg 81% of gains to pay for full protection, or 57% to pay for partial protection). This is the option favoured by the Chief Secretary. The main advantage is that all gainers receive a proportion of their gains in 1990/91. The disadvantage is that some large gainers have to make very large contributions, which may exceed the maximum of £75 on which their current expectations are based (eg £108-165 per adult in Westminster).

iii. a flat rate contribution from all gainers and losers (eg £26 per adult with partial protection). This is Mr Ridley's preferred option. Its main advantage is that gainers get their full gains in 1990/91, less £26 per adult. There are no very high contributions like the £75 per adult which is already causing resentment in Westminster. The

main disadvantage is that some modest gains are turned into losses, and modest losses are increased to £26 per adult. There are therefore more losers and fewer gainers from the new system in 1990/91.

8. You will wish to consider which of these options provides the best way of meeting the cost of the safety net protection for the losers.

Mechanism for financing the safety net

9. The legislation provides for the safety net to be implemented by self-financing adjustments to needs grant: losers would get more grant, offset by abating the grant of gainers. Mr Ridley now suggests that the safety net should instead be financed directly from money "top-sliced" from needs grant. This option is only available under Mr Ridley's preferred option of paying for the safety net by a fixed contribution (eg £26) from all gainers and losers. The sum involved - about £950m for partial protection - could be paid as a formal specific grant, or as a new element within Revenue Support Grant.

10. This proposal is essentially presentational. The main advantage is that the contribution to the safety net would not appear on charge bills. There might therefore be less resentment in the contributing areas (although they would be no better off in practice). A major disadvantage is that the community charge for standard spending (CCSS) would be higher: £301 per adult for partial protection. New legislation would also be needed in the current Local Government and Housing Bill. The necessary provisions would have to be introduced in the House of Lords, which might cause difficulties with Parliamentary procedure. The Chief Secretary opposes top-slicing for these reasons, and because he fears that with a higher CCSS authorities would be tempted to raise spending.

11. You will want to consider Mr Ridley's proposal for top-slicing. You may conclude that the benefits are outweighed by

the disadvantages.

Specific grant for education in inner London

12. Mr Baker's minute sets out more details of the specific grant proposed in Mr Ridley's earlier paper (E(LF)(89)3) to ease the abolition of the ILEA in 1990/91 and subsequent years. I understand that Mr Ridley and Mr Major are content with these proposals.

13. There is however an issue about the effect of the specific grant and the safety net taken together. The proposal is to pay the specific grant after the safety net protection has been calculated. This has the advantage of turning all the inner boroughs into gainers in 1990/91. But 7 of the 12 will be losers in the long run even if they get education spending down (Greenwich, Hammersmith, Lambeth, Lewisham, Southwark, Tower Hamlets and Wandsworth). Turning them into gainers in year one means that they will suffer even sharper losses in the remaining years of the transition. For example, the average tax bill in Greenwich would fall from £285 to £221-249 in 1990/91, but would rise to £579 over the next 4-5 years.

14. Results like this could be avoided by paying grant before the safety net is calculated. The boroughs which are gainers would still see a net benefit from the specific grant (Camden, Hackney, Islington, Kensington and Westminster). But the big losers would simply have their losses limited by the general safety net: they would not become gainers. You may want to suggest that the grant should be paid before the safety net is calculated.

The tables

15. There are now two tables to look at: table 4 attached to E(LF)(89)4, and the new table attached to Mr Ridley's Private Secretary's letter of 30 June. You may want to concentrate on the following columns:

i. table 4, column 3, which shows the Government's original proposals, on which public expectations are based. Total protection for losers is financed by removing all gains up to £74 per adult.

ii. table 4, column 8 (identical to the new table, column 3) which is Mr Ridley's preferred option. Losses of up to £26 feed through, financed by a fixed £26 contribution from gainers and losers alike.

iii. new table, column 4, which is the same option plus a special scheme for authorities with low rateable values in the North, at an additional cost of £100 million.

AW.

R T J WILSON
Cabinet Office
4 July 1989

CONFIDENTIAL

	Letter to the Prime Minister of 30 June					E(LP)(89)(A)					
	Column 3	Column 4	Column 5	Column 6	Column 7	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
	AEF £23.0bn £950m specific grant	AEF £23.1bn £100m extra specific grant	AEF £23.1bn 0.6, 12% or £28 cont	AEF £23.1bn £2.3bn topsliced	AEF £23.1bn old net £65 max cont	Old net £74 limit No losses	Old net £39 limit £25 losses	E(LP)(89)3 Proposed safety net	No losses 19% of gains allowed	£25 loss 43% of gains allowed	All adults pay £26 to net
<u>Losers</u>											
Full protection?	N(£26)	N(£26)	N(£28)*	Y	Y	Y	N(£25)*	N(£25)*	Y	N(£25)*	N(£26)
Pendle exempt?	N	Y	Y	-	-	-	N	N	-	N	N
<u>Gains</u>											
Only above limit.	-	-	-	-	Y(£63)	Y(£74)	Y(£39)	-	-	-	-
Percentage contribution.	-	-	-	-	-	-	-	Y(84%)**	Y(81%)	Y(57%)	-
Flat rate contribution.	Y(£26)	Y(£26)	Y(£28)*	Y(£61)	-	-	-	-	-	-	Y(£26)
<u>Topslicing/Specific Grant</u>											
Appears on Charge Demand?	N	N	Y	N	Y	Y	Y	Y	Y	Y	Y
Legislation required?	Y	Y	N	Y	N	N	N	N	N	N	N

* Loss of up to this amount.

** Gains above £25.

PAUL GRAY

See 2 PM.

RACG
5/7

When John Lee saw the Prime Minister this morning, he had a very brief word about the Community Charge.

He left with her the enclosed card, which succinctly sets out the problems faced in Pendle. He also left with her the cutting from the Nelson Leader.

I thought it better to pass these on to you rather than bother Andrew Turnbull with them.

M.L.B.

MARK LENNOX-BOYD
4 July 1989

COMMUNITY CHARGE IN PENDLE

a)	Total properties	35,000
b)	Properties with RV < £75	17,000 = 49%
c)	Borough av rates	£300
d)	Av rates for b)	£166
e)	Community Charge	£270
f)	Safety net	£99
g)	Net Community Charge pp in first year RATEPAYERS	£171
h)	Households worse off	two-thirds

For some, mainly those living in rural

From Monday, canvass forms will be delivered to every home in Pendle —

A small number of people will be exempt from poll tax payments and the

The income and assets of couples will continue to be assessed jointly and a rebate application form will be sent to all those who currently receive housing benefit later in the year.

The Poll Tax ... how much will YOU pay?

The ones who don't have to pay

- Resident hospital patients.
- People being looked after in residential care homes, nursing homes and hostels providing a substantial level of care.
- The severely mentally handicapped.
- People taken into hospital under the Mental Health Act 1983.

- Members of religious communities.
- People staying in short-stay hostels or night shelters.
- Those with no home, sleeping rough.
- People over 18 and still at school.
- Volunteers working on low pay for charities, such as Community Service Volunteers.

Students in full-time education will pay only 20 per cent of the full charge and a rebate system will operate for chargepayers on low incomes.

But it is thought that Pendle's PERSONAL COMMUNITY CHARGE is likely to be between £270 and £280 at 1989/90 expenditure levels. However, during the first year there will be an estimated "safety net" of £99 and the full community charge will be phased-in over a five-year period.

Here are two simple, "at-a-glance" tables to show how much better, or worse-off you are likely to be under the new system.

No account has been taken on any rebate entitlement.

Number of Adults	Bands of Rateable Values						
	< £75	£75-£100	£100-£125	£125-£150	£150-£250	£250-£400	> £400
	£	£	£	£	£	£	£
1	- 5	+ 75	+152	+223	+369	+689	+1243
2	-176	- 96	- 19	+ 52	+198	+518	+1072
3	-347	-267	-190	-119	+ 27	+347	+ 901
4	-518	-438	-361	-290	-144	+176	+ 730

FOR better or worse . . . how you'll fare next year . . .

	£ 75	£75-£100	£100-£125	£125-£150	£150-£250	£250-£400	£400
	£	£	£	£	£	£	£
1	-104	-24	+53	+124	+270	+590	+1144
2	-374	-294	-217	-146	0	+320	+874
3	-644	-564	-487	-416	-270	+50	+604
4	-914	-834	-757	-686	-540	-220	+334

... and how you may be faring in five years' time.

FRONT
PAGE:

THE WINNERS AND LOSERS

Three different kinds of community charge

● Owners or tenants of second homes may be liable for the STANDARD COMMUNITY CHARGE, which is mainly at the

d residents. The landlord will remit the total charge to the council, less a administrative fee of 5 per cent, and then the residents will pay an equivalent contribution to the landlord and claim a rebate from the council where appropriate.

But for businesses, a new type of rate

Again, the question on many people's lips will be "How much will it cost?" and Government forecasts of the new average rate seem to point to a drop in some business rates.

The money will then be redistributed to local councils on the basis of adult population and, therefore, business rates will no longer directly assist the area in which a business is located.

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THE Pendle Way is just one of the many games which Pendle Council has funded with your money. Here former Mayor and Mayoress of Pendle, Coun. Doris Riding + Coun. Edwina Sergeant, unveil a plaque showing the route of Pendle Way.

Family

present

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BRANCHES ALSO AT
OPENING SOON AT

World...the answer to man's dreams

Advertising feature
by Sue Ritchie

As an effort for the more
tastier of us, an hour of
pure delight while we
acquire the figure of our
dreams.

How can it possibly work?

Each of the six different
Slender World motorised
tables has a specialised
body exercising function
and is designed to concen-
trate its exercise perfor-
mance on particular
selected areas and parts of
your body — legs, thighs,
waist, stomach, hips upper
arms etc.

Slender World
motorised tables will gently
and effectively exercise
the body area and parts
that it has been especially
designed to tone.

Body parts are moved in
a steady and repetitious
mode for a prescribed
length of time, helping to
sleek and firm muscle
groups.

As your muscles are
stretched and flexed by
the movements, they
become toned and firmed,
which helps in the "inch
loss battle" and results in
a newer sleeker you.

How does it help your health?

This concentrated activ-
ity helps to increase blood
and oxygen movement to
your body cells, which in
turn helps to flush out
body toxins and break
down stubborn
"unwanted" cellulite.

An Slender World exer-
cising tables are designed
to support body weight
while exercising, they pre-
vent strain while helping
muscle mass to diminish
rather than increase in
size.

Exercise becomes open
to all, not just the younger
fitter person.

Even the older person
who may not be able to
participate in traditional
forms of exercise can
enjoy motorised calisten-
ics and benefit from its
easy to exercise format.

Is it time consuming?

No, a new shape can be
achieved in a matter of
hours.

Each client will have
their own schematic draw-
ing computer print out,

such as the one shown on
this page, which is espe-
cially tailored to each indi-
vidual person.

Weight and measure-
ments are taken at the
beginning of each session
and someone will always
be on hand to plan a work-
out programme tailored
for your individual needs
and problem areas.

Typical losses can be as
much as four to twelve
inches in just four ses-
sions, ideal for those last-
minute figure problems
just before holidays when
the bikini shows up all the
winter indulgences.

Two sessions a week
will guarantee that the
"new you" is ready to face
the beaches with a figure
that guarantees a second
look.

Having toned and firmed
why not then have a ses-
sion on the two 28-tube
sunbeds with high power
facials to complete your
new image.

Anyone booking 20 ses-
sions in the introductory
period will be able to use
these beds free of charge!

For those who are wor-
ried that this is just the
latest health craze gim-
mick, a look at the back-
ground of the calisthenic
tables will perhaps allay
this fear.

The benefits of this type
of gentle exercise were
realised as far back as the
1930's, when Benard H.
Stauffer recognised that a
proper circulation of blood,
lymph and inter-cellular
fluids, together with good
muscle tone and proper
posture, would enhance
vibrant health.

He went on to develop
machines that would
enable this muscle tone to
be developed, whether or
not the patient was capa-
ble of carrying out stren-
uous forms of traditional
exercise.

He saw immediately the
benefits of his new
machines which helped to
reduce stress and tension,
by pumping a surplus of
oxygen into the body sys-
tem getting rid of fat-in-
ducing acid waste that so
often makes you feel
lethargic and rundown.

His idea was an suc-
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Photo: Anthony Braithwaite.

A personal programme

Name: JESSICA MEYERS	Goals	Current
Weight: 135.00	150.00	Lbs
Arms: 11.00	13.00	In
Chest: 34.00	36.00	In
Abdomen: 33.00	35.00	In
Waist: 25.00	32.00	In
Hips: 36.00	37.50	In
U-Thigh: 21.00	22.00	In
L-Thigh: 16.00	20.00	In
Calf: 14.00	15.00	In

Date: 05/23/89



THIS diagram shows how the latest computer technology is used to help you shape up to the task of creating the "new you".

Your height, weight and other vital statistics are measured by qualified staff and then fed into a specially-designed computer,

which identifies and highlights the problem areas of the body.

This information can then be used to formulate a programme of exercises specifically tailored to your needs.

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weight, giving clear and precise details of actual as well as target weights for the future.

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The winners ...

NELSON
LEADER 19.5.89



COLNE pensioner Miss Ida Foulds will be quids-in when the new community charge is introduced in April next year.

Her rates bill will be almost halved — reduced from £540 to around £280.

But 76-year-old Miss Foulds, who comes from a working class background, and now lives in a beautiful, big bungalow in Castle Road, Colne, realises that it will be tough on those living in terraced houses, where there is very little money coming in.

Said Miss Foulds, who lived most

of her life in Stone Bridge Terrace, Colne: "I shall be all right, and will benefit a great deal when the new tax comes in, but other people are going to find it difficult to pay.

"In some ways, it will be fairer on single people like me, but in other instances it is going to be harder on people with families with workers over 18."

She added: "Take, for instance, my nephew next door. He has a wife and two sons living at home, so he will be paying quite a bit more than me, but getting the same services."

... and the losers



FAMILIES living in terraced houses face bills from the council which will have zoomed up by around 500 per cent when the poll tax is fully implemented.

And that news was greeted by Nelson postman Norman Henderson this week in the following terms: "How a bloke living in a big house and drawing a big wage can pay exactly the same for his council services as me is something that just does not make sense.

"It wants scrapping altogether, it just does not make sense at all.

"The poll tax is grossly unfair and that's all there is to it. It's just a big racket which favours people living in

big houses."

The Henderson household currently pays £177 a year in rates.

But when the poll tax is introduced next year each of the four Hendersons — Mr Henderson, his wife Sheila, and children Michael (20) and Kathleen (18) — will pay a charge of about £171 in the first year.

And that will rise to between £270 and £280 by 1994/95, leaving the Hendersons, of Napier Street, Nelson, roughly £900 a year WORSE OFF.

In the towns within Pendle the vast majority of people would seem to be giving the poll tax a massive "thumbs down".

Our picture shows Mr and Mrs Henderson with their daughter outside their Nelson home.

Photo: Anthony Braithwaite.

The man in charge of Pendle's Community Charge register

NL 19.5.89

STEPHEN Barnes, Pendle's Director of Finance, is the man responsible for compiling and updating the Community Charge Register.

The register will list the names and addresses of all those liable for the charge, which is due to come into operation in April 1990.

Everyone who is included on that register will be notified before receiving the first community charge bills in March 1990 — any individual may inspect, and take a copy, of their own entry and there is a right of appeal against registration.

Information for the register will be compiled during the canvass and forms for the canvass will be sent to the most recent ratepayers in each property.

And as well as including all adults, the register will also feature the names of children aged 16 and 17 so that prompt billing and arrangements for payment can be made as early as possible.

All chargepayers will receive a bill and will be required to pay the annual charge in 10 monthly instalments — although individuals may agree "lump sum" or other more convenient payment periods with the council.

Responsibility for payment will normally rest with the individual chargepayer although husbands and wives (or unmarried couples living together as "husband and wife" may be held liable for each other's debt.

Below, Mr Barnes comments on the introduction of the Poll Tax.



“ I EXPECT the community charge to be implemented fairly smoothly in Pendle. However, I am very concerned about the loss of Government grants, which the change in the grants system will bring in 1990.

Pendle may lose £1 million in Government grants over the next five years if Government ministers fail to increase the 'Needs Assessment' for the borough.

This will leave Pendle, and East Lancashire generally, one of the worst hit areas in the country and every effort must be made by East Lancashire MPs to prevent the area losing grants to the relatively rich boroughs of the home counties. The council will continue to fight for retention of its existing grant share and John Lee MP has promised his utmost support.”

The tables below show the estimated gains (+)/losses (-) which would arise to average households if the personal community charge had been in operation in the current financial year 1989/90. Table 1 shows the effects of phasing (known as safety nets) in the first year. Table 2 shows the position when the full charge is payable in the fifth year.

1. First year of phasing 1990-91

Number of Adults	Bands of Rateable Values						
	< £75 £	£75-£100 £	£100-£125 £	£125-£150 £	£150-£250 £	£250-£400 £	> £400 £
1	- 5	+ 75	+152	+223	+369	+689	+1243
2	-176	- 96	- 19	+ 52	+198	+518	+1072
3	-347	-267	-190	-119	+ 27	+347	+ 901
4	-518	-438	-361	-290	-144	+176	+ 730

2. Final year of phasing 1994-95

	< £75 £	£75-£100 £	£100-£125 £	£125-£150 £	£150-£250 £	£250-£400 £	> £400 £
1	-104	- 24	+ 53	+124	+270	+590	+1144
2	-374	-294	-217	-146	0	+320	+ 874
3	-644	-564	-487	-416	-270	+ 50	+ 604
4	-914	-834	-757	-686	-540	-220	+ 334
Average Rateable Value per Class							
	£58	£86	£113	£138	£189	£301	£495
Average Rates Payable							
	£166	£246	£323	£394	£540	£860	£1414
Number of Domestic Properties in each Class							
	17,394	4,980	3,751	2,740	4,912	1,403	138

NOTES

- The calculations are based on an estimated personal community charge of £270 and a first year safety net of £99. Table 1 is therefore based on a estimated personal community charge of £171 and Table 2 an estimated personal community charge of £270.
- The estimated personal community charge is based on a DOE calculation for 1988/89 uprated by 1989/90 inflation. The estimate is for guidance only. Details and accurate assessments of the 1990/91 personal community charge will not be known until early 1990.
- No account is taken of any rebate entitlement.

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cc: B. L. V.

PR

PRIME MINISTER

MEETING ON SAFETY NET WITH NICK RIDLEY AND JOHN MAJOR: 5 JULY

You saw over the weekend the latest papers from Nick Ridley and John Major on possible solutions to the Community Charge safety net problem. Those earlier papers are immediately below this note.

I have now arranged for you to have a meeting with the two of them tomorrow morning in an attempt to reach an agreed approach. In advance of the meeting you may find it helpful to look at the further note now enclosed from Richard Wilson (Flag D) that seeks to identify the major issues.

pp. *Handwritten signature*
Duty Clerk

PG

4 July, 1989.

JD83

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10 DOWNING STREET

Mr Turnbull

The attached could
apply to yourself and
Charles.

It does seem a
bit late to be
circulating the information
as in many cases
the forms have
already been completed

Charles Fort

3 July 89

Write now write

Mr Fountain

My latest authority included an
option to be changed, but I missed it
and set back the form - what ticking
be back - but I have seen other forms
which do not have a box. But what
is the point of the electoral roll still has
over - none on it? AT 312

Ke.0189



Our Ref: SCY 8/055

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0170

M H Rumble Esq
Home Office
Abell House
John Islip Street
LONDON SW1P 4LH

21 June 1989

Dear Mike,

COMMUNITY CHARGE REGISTER: ANONYMOUS REGISTRATION

During the passage through Parliament of the Local Government Finance Act, concern was expressed about people whose safety might be put at risk if their names appeared on the public extract of the community charges register. This note sets out the procedure whereby Ministers and senior officials in your department may seek to have their names excluded from the public extract, which - if you have not already done so - you may wish to bring to their attention. There is a strong case for suggesting that all Ministers and those officials of Grade 3 or above in sensitive posts should be advised to apply for anonymous registration.

2. Regulations made under paragraph 17 of schedule 2 of the Local Government Finance Act require a Community Charges Registration Officer (CCRO) to omit names from the extract if, in his or her view, there is cause to believe that their inclusion might result in any person being subject to the threat of physical violence. This procedure, known as anonymous registration, will be a necessary option for Ministers, certain senior officials and others in sensitive posts who are anxious to conceal their whereabouts.

3. CCROs should ensure that the guidance notes which accompany such canvass forms include an explanation of the public extract of the register, and the opportunity for people at risk to be excluded from it. They should indicate that advice on anonymous registration is available and may draw attention to the availability of a separate application form (should CCROs decide on this approach) for anonymous registration. Telephone numbers and addresses of enquiry points should be included in the guidance notes.

4. As soon as any application for omission is received by a CCRO the inclusion of that person's details in the extract will be delayed (or his entry deleted if one has already been made) until the CCRO in question has had an opportunity to consider the application. Where necessary, the CCRO will confirm that the names of other adults belonging to the same household or adult members of the family will not be shown on the extract. The Department of the Environment have given assurances that applications for exclusion from the extract will be treated with sensitivity, and correspondence and data on this subject will be securely handled.

5. A copy of this letter goes to all those on the attached list.

Mours rev,

Hyt

H H TAYLOR

Life
200

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 July 1989

Dear David,

STANDARD COMMUNITY CHARGE

The Prime Minister has seen the recent exchanges on the Standard Community Charge, culminating in your Secretary of State's letter of 29 June to the Secretary of State for the Environment. She suggests that this issue might be added to the agenda of the E(LF) meeting on 6 July.

I am copying this letter to the Private Secretaries to members of E(LF) and to Sir Robin Butler.

*Yours
Paul*

PAUL GRAY

David Crawley, Esq.
Scottish Office

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C. C. P. x 81
C

PRIME MINISTER

INNER LONDON TRANSITION GRANT

1. ^{*Attached*} In E(LF)(89)3 Nick Ridley proposed a specific grant for transitional education costs in inner London which would give the boroughs an opportunity to reduce inherited overspend from ILEA before it falls on their chargepayers. The Committee broadly endorsed the proposal but asked for the details to be considered further.

2. I have consulted Nick and John Major and set out below the conclusions we have reached.

3. ILEA is budgeting to spend about £1000m in 1989-90. The Authority would undoubtedly be spending a great deal more without successive years of precept limitation. Nevertheless, their spending is significantly above the figure of between £750m and £800m for education in inner London which is emerging from the current work on assessments for standard spending. That gap will place a heavy burden on chargepayers until the boroughs can begin to get to grips with the root causes of the overspend.

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4. E(LF)(89)3 indicated that on the basis of an analysis of the potential for longer term savings the grant might be set at the level of £100m in the first year. This would not of course represent the total implied gap of £200m-£250m between assessment for standard spending and likely actual spending when both the safety net and transitional grant are phased out. However I accept that £100m is a reasonable figure for the purpose of affording some protection to chargepayers, and the community charge exemplifications in papers E(LF)(89)3 and 4 are calculated on this basis. Those exemplifications also assume that the transitional grant is outside rather than inside the safety net. This will allow it to have maximum impact on community charges in the first year. It also prevents the grant's distribution from interacting with that of whatever safety net arrangements we agree upon. The grant will be within AEF but not deducted from standard spending.

5. We have considered the appropriate length of time for the transition grant to last. While I think a grant lasting seven to eight years would be justified, Nick and John think this is longer than necessary and I am reluctantly prepared to accept their view that there should be a taper that would reduce it to zero in year 6.

6. We need only indicate the first year quantum and the length of grant in our July announcement. In the Autumn we would announce the detailed profile of the grant and the method

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of distribution between boroughs. The sort of profile we have in mind would be:

	1990-91	1991-92	1992-93	1993-94	1994-95
£m	100	70	50	20	10

The distribution between boroughs would be made on a stable formulaic basis. Current under 18 population would be one option, but I wish to consider the various other possibilities for distribution and the precise profile further with Nick and John. As this grant is to assist transition and allow the boroughs time to achieve savings rather than to support spending of any particular nature it would not be paid as a percentage of any part of actual spending on education.

7. As E(LF)(89)3 indicated, we would need to take a power in the Local Government and Housing Bill to pay the grant. We envisage that this would be done at either Lords Committee or Report Stage through a relatively minor amendment to an existing power in the Education Reform Act.

8. I hope E(LF) will be prepared to endorse the proposal for an inner London transitional grant on this basis. Copies of this minute go to all members of E(LF).

K.B.

KB

3 July 1989

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not copied

3(A-6)



→ fA

Treasury Chambers, Parliament Street, SW1P 3AG

Roger Bright Esq
Private Secretary to the
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1

3 July 1989

Dear Roger

E(LF)

I attach a note by Treasury officials setting out the option for assistance to the north and explaining the Chief Secretary's preference as between the options E(LF)89 4.

A copy has gone to No. 10.

Yours

Carys

MISS C EVANS
Private Secretary

THE SAFETY NET AND THE NORTH: NOTE BY TREASURY OFFICIALS

Four of the six safety net options envisaged in E(LF)(89)4 proposed that, in "losing" local authority areas, the first £25 or £26 per adult of losses would be allowed to feed through. In other words, for standard spending the safety-netted community charge in such areas in 1990-91 would be £25 or so above the uprated 1989-90 average rate bill per adult.

2. Within the self-financing safety-net, if gaining areas are to benefit from some of their gains in the first year it will be necessary to allow some losses to come through. But, by and large, it is areas in the south of England which will receive the gains; it is the north including sensitive areas in the north-west such as Pendle, Hyndburn, Calderdale and Rossendale, which must bear the losses.

3. In these northern areas, average rate bills per adult are low due to a combination of low rateable values, the operation of the present grant system and in many cases relatively modest spending.

4. At present, such areas are not expecting to bear any losses for standard spending: under the safety-net proposals announced last year, all losses were to be fully protected. Allowing through the first £25 or £26 of losses as the Environment Secretary now proposes represents a greater proportionate burden for those areas than for chargepayers elsewhere.

Assistance to the North

5. A modest addition to the Environment Secretary's proposals would protect in full these sensitive areas, by allowing no losses to feed through. (In principle, this could be in the form of a specific grant or, as exemplified here, an adjustment to the safety-net.) The qualifying areas could be selected on the basis of:

- (i) low average rate bill per adult;
- (ii) low average domestic rateable values;
- (iii) low total rateable values per adult;

or some combination of the three.

6. The exemplifications attached are on the basis of (ii) above with qualifying areas being those local authorities with average domestic rateable values below a threshold of £135.

7. On this basis, 26 local authorities would qualify and would bear no losses under the safety-net. The cost of this additional element would be around £70m.

The Case for Help

8. Assistance has been agreed for inner London to reduce the impact on chargepayers of inheriting ILEA overspend; assistance is desirable in the north because:

(i) a flat-rate loss would impose proportionately higher local tax burdens in areas where the average rate bill per adult is low;

(ii) local authorities (LAs) with low rateable values have received relatively more grant (for standard spending) under the present grant system because of their low rateable values; LAs need time to adjust the spending to lower grant entitlements from 1990 onwards, if they are not to burden local domestic taxpayers unduly.

9. This adjustment to the safety-net could in principle be to any of the four safety net options set out in E(LF)(89)4, in which the first £25-26 of losses feed through.

SECRET

10. The Chief Secretary's view is that it would be best to take this new element for the north in conjunction with option 5 - in which the gainers are allowed a fixed percentage of their gains (around 40%). Such proposals (including the new element for the north):

- (a) would prevent any losses in the most sensitive areas in the north;
- (b) keep losses elsewhere down to £25 per adult, as proposed by the Environment Secretary;
- (c) protect chargepayers in inner London from the additional burden of inherited ILEA overspending; and
- (d) allow through around 40% of all gains in the first year.

11. The Chief Secretary is not attracted to option 6 in E(LF)(89)4 because the proposed flat-rate contribution of £26:

- turns small losers into big losers;
- turns some gainers into losers;
- provides for a common £26 per adult contribution to the safety-net: that will be wrongly interpreted as an addition to everyone's community charge.

12. Nor would any proposal to top-slice an element of Revenue Support Grant to meet the cost of this £26 flat-rate contribution be helpful: it would

£

- 1) need primary legislation;
- 2) add significantly to the published community charge for standard spending (CCSS), taking it above £300;
- 3) add to public expenditure, by tempting authorities to raise their spending to a level consistent with the higher CCSS.

AUTHORITIES WITH DOMESTIC RV PER HEREDITAMENT BELOW £135

	Domestic RV per hereditament	Long-run charge compared to CCSS, 'overspend' (+)/ 'underspend' (-)
	£	£
Burnley	102	-13
Pendle	104	- 2
Wear Valley	112	-41
Hyndburn	112	-18
Barrow in Furness	114	-45
Calderdale	115	+107
Teesdale	115	-49
Easington	116	+16
Kirklees	118	+54
Barnsley	120	-95
Copeland	120	+21
Blackburn	121	-41
Rossendale	122	+ 2
Derwentside	124	+29
Kingston upon Hull	126	+58
Bradford	127	+ 4
Torridge	128	-56
Sedgefield	128	+52
Allerdale	129	+ 7
Eden	130	-16
Bolsover	131	+70
Wansbeck	132	+76
Wakefield	134	+72
York	135	-24
Boothferry	135	-3
Rotherham	135	-

CONFIDENTIAL*cc: PE*
*NB: Bln at this stage.**PR: 6*
4/7

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London SW1

3rd July 1989*Dear Malcolm,***STANDARD COMMUNITY CHARGE**

I have seen the recent correspondence on this subject beginning with your letter of 8 June and resting with your letter of 29 June.

I sympathise with the point that your powers in Scotland differ from Nick Ridley's in England and Peter Walker's in Wales. I also share your concern about the potential damage to the community charge policy from "hard" cases on second homes.

That said, I share Nick Ridley's anxieties about prescribing a maximum multiplier of one for the standard community charge, even in Scotland. While it might be possible for this to co-exist with a maximum multiplier of two in England and Wales, there seems little doubt that Nick Ridley and Peter Walker would come under pressure to follow your lead. We would therefore risk ending up with a standard charge multiplier of one throughout the country.

My specific concerns about this are as follows:

- First, setting the standard charge multiplier at one would have the political difficulty that it would be seen as a substantial concession to the wealthy, and also to many Ministers.

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- Second, a standard charge multiplier of one would increase the average personal community charge by an average of some £3 a head (and by substantially more in areas with a large number of second homes), with additional community charge rebate costs of some £2.5 million a year in Scotland and £25 million in England. In addition, people on income support would have to pay slightly more.

Although I well understand your misgivings, I would hope it may be possible to solve the problem, as Nick Ridley has suggested, by giving local authorities discretion to deal appropriately with defined categories of hard cases. It seems to me that this solution merits close consideration as a matter of urgency.

I see no problem in your other proposals except that I would not favour prescribing as exempt from the standard charge any property which is unoccupied and unfurnished. I fear that a continuing exemption on these lines would encourage people to retain second homes, while leaving them unoccupied and unfurnished, thus exacerbating the problems of housing shortage. Would it not be better to limit the period of exemption to (say) three months, possibly with discretion to local authorities to extend the period in certain cases?

I am copying this letter to members of E(LF).

Yours Truly,
John
JOHN MAJOR



PRIME MINISTER

COMMUNITY CHARGE: PENDLE

John Lee is coming to see you tomorrow to talk about his future and about the impact of the community charge in Pendle. Mark Lennox-Boyd has prepared a note on the former.

Two distinct problems can be identified with the community charge.

- (a) There are those authorities whose long run community charge is below the current rate bill per head. Their interest is to get to the long run position as fast as possible and they will resent the safety net if it delays this process.
- (b) There are those authorities whose long run community charge is above the current rate bill per head. There are numerous such authorities in Lancashire. In truth those low rated authorities have been getting a very favourable deal out of the current arrangements and it is arguable that the new system will be much fairer as it will eliminate the hidden transfers. Nevertheless, there is a difficult transitional problem.

Pendle is in the second category. A comparison of columns 2 and 1 of the attached shows that they face eventually a rise of £100 per head. The published safety net implied no move towards the long run position in the first year. Most of the complaints about this option were from the long run gainers who did not see any of their gains unless they were over £75. Column 8 shows the effect of asking all authorities to pay £26. Column 6 shows the effect of having no losses i.e. no increases over the 1989-90 rate bill in real terms, but with the gains held back in a different way. Thus Pendle's position is exactly the same as in the published safety net.

Line to take

You recognise the particular difficulties of authorities such as Pendle and a great deal of work is being done to look at alternative safety nets. It is most unlikely that the version which emerges will be the one which has been used publicly for illustrative purposes, but for the moment you cannot say what the outcome will be. [Adjusting safety nets does not, of course, do anything to modify the long run position to which Pendle will eventually have to move].

AF ml

ANDREW TURNBULL

3 July 1989

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

AEF £23bn. Total Standard Spending £32.8bn

DOE E/LE1 Standard Spending Assessment Package

Inner London charges reduced by £100m ILEA specific grant

	COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run charge	COL 3 Old net £74 limit No losses	COL 4 Old net £39 limit £25 losses	COL 5 E(LF)(89)3 Proposed safety net	COL 6 No losses 15% of gains allowed	COL 7 £25 loss 43% of gains allowed	COL 8 All adults pay £26 to net	COL 9 Change with 1% rise in spending
HUMBERSIDE									
Beverley	317	302	317	317	302	314	310	329	8
Boothferry	220	309	220	245	245	220	245	246	9
Cleethorpes	264	332	264	289	289	264	289	290	9
Glanford	259	286	259	284	284	259	284	285	8
Great Gribby	251	322	251	276	276	251	276	277	9
Holderness	262	288	262	287	287	262	287	288	8
Kingston upon Hull	233	330	233	258	258	233	258	260	9
East Yorkshire	242	318	242	267	267	242	267	268	9
Scunthorpe	284	371	284	309	309	284	309	310	9
ISLE OF WIGHT									
Medina	245	250	245	250	250	245	250	272	7
South Wight	269	265	269	269	265	268	267	291	7
KENT									
Ashford	239	198	239	237	214	231	220	224	7
Canterbury	224	199	224	224	203	219	212	225	7
Dartford	218	234	218	234	234	218	234	245	7
Dover	198	187	198	198	187	196	193	214	7
Gillingham	211	186	211	211	190	206	199	213	7
Gravesend	232	193	232	232	208	225	214	219	7
Maldstone	231	179	231	218	204	221	207	206	7
Rochester upon Medw	205	163	205	201	180	197	185	189	7
Sevenoaks	257	192	257	230	226	244	226	218	7
Shepway	278	229	278	267	251	268	255	255	7
Swale	198	203	198	203	203	198	203	225	7
Thanet	234	209	234	234	213	229	222	235	7
Tonbridge and Malling	229	223	229	229	223	228	226	250	7
Tunbridge Wells	245	190	245	229	217	234	219	216	7
LANCASHIRE									
Blackburn	183	234	183	208	208	183	208	209	8
Blackpool	239	290	239	264	264	239	264	265	8
Burnley	176	259	176	201	201	176	201	203	8
Chorley	228	238	228	238	238	228	238	255	8
Fylde	272	250	272	272	252	268	262	276	8
Hyndburn	176	256	176	201	201	176	201	202	8
Lancaster	211	253	211	236	236	211	236	237	8
Pendle	169	270	169	194	194	169	194	195	8
Preston	233	220	233	233	220	231	227	247	8
Ribble Valley	215	245	215	240	240	215	240	242	8
Rossendale	199	277	199	224	224	199	224	225	8
South Ribble	228	249	228	249	249	228	249	254	8
West Lancashire	275	239	275	275	251	268	258	265	8
Wyre	239	249	239	249	249	239	249	265	8

PRIME MINISTER

P 03494

UNIFORM BUSINESS RATE: TRANSITIONAL ARRANGEMENTS
[E(LF) (89) 5]

DECISIONS

This joint paper by Mr Ridley and Mr Walker seeks agreement to changes in the transitional arrangements for the Uniform Business Rate (UBR), following consultation on the Government's proposals.

2. The basic protection for losers would remain unchanged: the annual increases in their rate bills would still be limited to 20% in real terms for large properties and 15% for small properties as proposed in the consultation paper. The main issues are:

S.M. i. the definition of small properties. The consultation paper proposed rateable value thresholds of £7,500 in London and £5,000 elsewhere, on the new valuations. Mr Ridley and Mr Walker now propose to increase these thresholds to £15,000 in London and £10,000 elsewhere. The Chief Secretary favours a smaller increase, to £10,000 in London and £7,500 elsewhere. You will wish to decide whether to endorse Mr Ridley's judgement of the right level.

ii. how protection for the losers should be financed. The consultation paper proposed that gains should be phased in to pay for the protection for losers, with annual limits on reductions in rate bills of about 10% in real terms for large properties and 15% for small properties. Instead of this, Mr Ridley and Mr Walker now propose to pay for the transition mainly through a premium on the UBR poundage, with a 20% limit on real gains in the first year only. The Chief Secretary would prefer to retain the original proposal. You will wish to decide which would be better.

iii. the treatment of new occupiers of existing premises. The consultation paper proposed that new occupiers would benefit from transitional protection. Mr Newton wants to stick to this. But Mr Ridley and Mr Walker now wish to exclude them. You will wish to decide whether their approach would be better.

3. Amendments are needed to the Local Government and Housing Bill to provide powers for the transitional arrangements. These would need to provide specifically for a premium on the UBR poundage if E(LF) accept the proposals from Mr Ridley and Mr Walker. Decisions are therefore needed before Lords Committee stage towards the end of July.

MAIN ISSUES

Definition of Small properties

4. The aim is to give special protection to small businesses facing increases in their rate bills. Because of the difficulty of defining a small business it has been agreed that the protection should be given to all ratepayers with small premises. The difficult judgement is where to fix the threshold, so as to include as many small businesses as possible while excluding so far as possible individual premises operated by larger businesses such as banks and multiple retailers.

5. The consultation paper proposed limits of £7,500 in London and £5,000 elsewhere on the new 1990 list. About 60% of all non-domestic hereditaments in England would fall below these thresholds (a figure which however includes a large number of minor sites like advertising hoardings, lock-up garages and small sheds). Representatives of small businesses have unanimously criticised the proposed limits as being too low. They claim that in many areas no real business premises at all would benefit.

6. Mr Ridley and Mr Walker propose to meet these concerns by accepting the alternative limits put forward by the Forum for Private Businesses, of £15,000 in London and £10,000 elsewhere. This would bring in 78% of all hereditaments in England, accounting for 16% of the total rateable value on the new list. The Chief Secretary believes this is too generous. He proposes limits of £10,000 in London and £7,500 elsewhere, bringing in about 70% of hereditaments and 12% of total rateable value.

180 - 5 years
7. You may want to ask what the extra cost of Mr Ridley's proposals would be compared with Mr Major's. Our understanding is that in England it would amount to about £80 million spread over 5 years, which would be small enough to avoid any substantial change in the limits on gains needed to finance the transitional protection for losers. If so, you may feel that the arguments point to the slightly more generous treatment of small businesses proposed by Mr Ridley.

Financing protection for losers

8. The consultation paper proposed that the cost of the transitional protection for losers should be met by delaying the larger gains. Because of the skewed nature of the gains and losses, annual limits of 10% for large premises and 15% for small premises would be necessary. Following consultation, Mr Ridley is concerned that such tight limits would create great resentment among businesses which would benefit from substantial reductions in their rates were it not for the transitional arrangements. He therefore proposes to finance the transition through a premium on the UBR poundage (4p in 1990/91 and 1991/92, falling to 2.5p, 1.5p and 1p in subsequent years) and a 20% limit on real gains in 1990/91 only. Mr Walker proposes a similar arrangement, although smaller premia would be necessary in Wales (2p, 1½p, 1p ½p and 0p in the first 5 years). But Mr Major opposes any change from the proposals set out in the consultation paper.

9. The main advantages of Mr Ridley's proposal are:

i. it would allow real gains up to 20% to come through in 1990/91, and all gains to come through completely by 1991/92 subject to the premium added to the UBR poundage (about 11% in England in both years);

ii. it would meet points made by many consultees, particularly the Association of British Chambers of Commerce (ABCC), the body which Mr Ridley believes is most representative of business as a whole;

iii. it would simplify the transitional arrangements, particularly after 1990/91, when the limit on gains would disappear.

10. The main disadvantages are:

i. it involves an increase in real terms of 11% in the UBR poundage in 1990/1991. If the RPI is still around 8% in September when the UBR indexation is fixed, that would mean a 19% cash increase in rates for 100,000 businesses which could otherwise expect an increase roughly in line with inflation (those who are neither gainers or losers from the UBR);

ii. it increases the number of losers in 1990/91 from 53% to 61% of all ratepayers, and reduces the number of gainers from 40% to 32%;

iii. it might therefore simply promote opposition from a new group of businesses (those with modest gains and losses, or none at all) which were content with the consultative proposals. It is noteworthy that the CBI have refused to express a preference on this issue.

11. You will wish to consider the balance of these arguments. When E(LF) last discussed the transition to the UBR in April 1988 (E(LF)(88)3rd Meeting) they discussed the possibility of a

premium on the UBR poundage to help finance the transition. They concluded that it would be right to retain the flexibility to put a small premium on the general NNDR poundage if that proved necessary to avoid too tight a limit on reductions in bills; but that it would be better to avoid a complex scheme of that sort if at all possible.

Treatment of new occupiers of existing premises

12. The consultation paper proposed that protection for losers should apply to all existing (but not new) premises, even if there was a change of occupier during the transition. Consultees have suggested extending protection to new buildings, to avoid distorting the market as between new and existing premises. Mr Ridley proposes to move in the other direction, by removing transitional protection from existing premises if there is a change of occupier. Mr Newton disagrees on the grounds that it could distort the normal turnover of commercial property by giving businesses an incentive to stay put; and could even cause hardship where an occupant found the value of his lease reduced because of the rate bill a new occupant would face.

13. You will wish to decide whether Mr Ridley's proposal to remove the protection for new occupiers of existing premises would be the better option. No option appears to provide a perfect solution to the risk of market distortions during the transition. Mr Ridley's proposal would at least avoid distortions in the market for commercial premises, whether new or old. Some adjustment in the value of leases as a result of the UBR may be inevitable.

HANDLING

14. You might ask the Secretaries of State for the Environment and Wales to speak first. You might then invite the Chief Secretary, Treasury and the Chancellor of the Duchy of Lancaster to put their views. The Secretary of State for Scotland has said that he has no objection to Mr Ridley's proposals, although he does not propose to follow them in Scotland, where the 1990

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revaluation should be less traumatic than the introduction of the UBR in England and Wales. But he and other members of the Sub-Committee may wish to comment.

AW

R T J WILSON

30 June 1989

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PRIME MINISTER

STANDARD COMMUNITY CHARGE ARRANGEMENTS

Earlier in the year, Malcolm Rifkind expressed concern about the operation of the standard community charge arrangements in Scotland; his worry was that setting the standard charge at twice the personal charge produces great unfairness in Scottish circumstances. But you and other colleagues resisted any change to the existing arrangements.

Malcolm Rifkind has now returned to the charge. I have not so far bothered you with these latest exchanges. But the issues show no sign of being resolved.

I am attaching the latest papers, although I do not suggest you try to go through them all. You may like just to go through John Mills' minute immediately below, which summarises the issues and problems. (The Ministerial exchanges are below that if you wanted to dip into them.)

Procedurally, John suggests the best way to sort this out is to add this issue to the agenda for next Thursday's meeting of E(LF).

Are you content to do this?

Yes not


PAUL GRAY

Duty Clerk

30 June 1989

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PAUL GRAY

30 June 1989

STANDARD COMMUNITY CHARGE

This is a difficult issue and I have therefore set out in an annex a summary of the main differences between Scottish and English Law and the various proposals for change.

It is clear that enough difficulty on standard charge has emerged in Scotland to make us think carefully whether any changes are needed in England and Wales before next year.

The main issue: setting the overall multiplier

Malcolm Rifkind's main aim is to ease hardship on second home owners by bringing the multiplier down from 2, the figure most local authorities have set, to 1. He would achieve this by taking power to prescribe the multiplier himself.

But Nicholas Ridley and Peter Walker are both strongly opposed to this because of the severe un wisdom of Ministers becoming directly involved in setting charges for second homes. They would all be accused of having a personal interest and, to the extent they were seen to be 'reducing' charges, of acting against the interests of personal charge payers whose bills would go up.

The Prime Minister endorsed this view in the first round of correspondence and I strongly recommend she maintains her position against Malcolm Rifkind's proposal.

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Rifkind's other proposals

All of these together would drive a coach and horses through standard charge as a means of raising revenue on second homes. In any case he already has power to exempt prescribed classes of property. But there is no doubt that the Scottish scheme is less flexible than the English, and it would be quite reasonable to bring the two into line. This is in essence Peter Walker's proposal. It would be much better than creating a divergent set of rules in Scotland, for example on furnished property and holiday-lets.

This should however be subject to the clear understanding that the power to prescribe classes of exempt or reduced-rate property can in fact be used to deal with the worst kind of hardship cases Malcolm Rifkind cites.

Could, for example, an 'empty house' class distinguish between a typical holiday home and one where an elderly parent had gone away to convalesce with children (thus becoming liable to personal charge at the children's address)? If not, the English law, as well as the Scottish, ought to be looked at urgently.

There is some suggestion that in Scotland, Community Charge Registration Officers, who are employed by local authorities fundamentally hostile to the whole business, are interpreting such cases very strictly and imposing standard charges when a house is empty in such circumstances just for a few months. If such practice is not nipped in the bud, it could cause endless trouble next year.

A way round this is to consider whether a specific exemption should be made for temporary absence from a sole or main residence.

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Nicholas Ridley's counter-proposal

He suggests meeting Scottish concern by giving local authorities in all three countries greater discretion to reduce or remit standard charges in case of hardship.

This is ostensibly attractive, not least because it puts the onus for discretion on local authorities not Ministers, but it needs to be approached with great care:

- it will be seen as a benefit for second-home owners, generally regarded as a well-off group, with the cost falling on personal charge payers;
- it will be tantamount to an admission that the Community Charge was having unjust effects. Certain local authorities would exploit this;
- it will intensify pressure for personal community charge relief, especially in remote areas where holiday homes are situated and where standard charge relief would have most impact on the personal charge itself;
- as Malcolm Rifkind says, it would be very difficult to set criteria which met all the kinds of hardship likely to arise.

Pressure for Personal Charge Relief

This is a particularly sensitive reason for caution on standard charge relief. For example, the Laird of Eigg is already campaigning against anyone on his island paying Community Charge since they receive no local authority services. And the annexed cutting indicates the pressures emerging

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in remote areas where few services are available and where, in the past, rates were particularly low. Were concessions in the offing, cases such as these might well be thought more deserving than the plight of second home owners.

Conclusion

A prudent approach to any change seems necessary. The two obvious courses of action are

- to bring Scottish practice into line with the more flexible English legislation;
- clarification on temporary absence from a main residence, which could also avoid a repeat in England of the most emotive hardship cases which have undoubtedly emerged in Scotland.

As for action to get the overall multiplier down, Ministers must keep themselves away from direct involvement. One option for Malcolm Rifkind to pursue is Peter Walker's suggestion that he should announce that next year's RSG in Scotland will be based on an assumed multiplier less than the maximum of 2 (on which this year's settlement was based). This may persuade at least some authorities to set a lower standard charge. This would require a very marginal reallocation within the Scottish block.

To go any further would need very careful consideration of the adverse impact on personal charge levels, the pressure for personal charge relief which would arise, and the sensitivities of Ministers' own position. All these seem to rule out any major change.

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Any solution must also be subject to legislative constraints. Malcolm Rifkind's proposed changes, and indeed Nicholas Ridley's, would require amendment to the Local Government and Housing Bill, which is already under pressure because of its size.

Given the clear division of view between Ministers, and the range of options involved, a discussion in E(LF), perhaps at the 11 July meeting, might be opportune. I understand that, even if it was decided to introduce amendments to the Bill, this could at a stretch be done at Lords Report stage in the spillover.

Recommendations

I recommend that the Prime Minister should

- ☒ continue to oppose the idea that the Secretary of State should set the multiplier because of the sensitivity of Ministerial involvement;
- express the need for great caution on any changes in Standard Charge rules, for the above reason and to avoid creating pressures on the personal charge side. This includes Nicholas Ridley's proposal for local authority discretion, where the accusation that the Community Charge was unjust could also arise;
- nevertheless recognise the reality of concern about Standard Charge in Scotland, but suggest it would be impracticable to go further than bringing Scottish legislation into line with ours. Any action to get the multiplier down would require reallocating resources in the Scottish block so that, in settling next year's grant, the assumed multiplier could be lower than 2;

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- ask Nick Ridley whether the Scottish experience has lessons for England and Wales next year, and in particular whether a specific exemption is needed in all three countries to cover temporary absence from a main residence to remedy the kind of case described by Malcolm Rifkind concerning elderly parents staying with their children;
- suggest a discussion in E(LF) to settle this once for all.

John Mills

JOHN MILLS

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ANNEX

STANDARD COMMUNITY CHARGE: SUMMARY OF DIFFERENCES BETWEEN
SCOTLAND AND ENGLAND/WALES AND PROPOSALS FOR CHANGE

1. In Scotland:

- Local authorities determine a standard charge multiplier for their areas between 1-2 times their personal community charges.
- Secretary of State can prescribe classes of property to be exempt from standard charge.
- Unfurnished and unoccupied property is exempt for 3 months, or more at local authority's discretion.

2. In England/Wales:

- Local authorities determine a multiplier between 0-2 times the personal charge.
- Secretary of State can specify particular classes of property.
- Local authorities at their discretion can determine different multipliers between 0-2 for such classes of property.
- But the Secretary of State can lay down maximum multipliers between 0-2 for such classes.

3. Malcolm Rifkind proposals for Scotland:

- Secretary of State to determine the multiplier up to a maximum of 2, but with serious consideration to setting it at 1.

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- Unoccupied and unfurnished property to be prescribed as exempt.
- Unoccupied but furnished property to be exempt for 3 months, or more at local authority's discretion.
- Second homes genuinely available for holiday lets should be moved into non-domestic rating.

4. Counter-proposals

Nicholas Ridley:

- Local authorities in all three countries should have discretion, on the basis of criteria to be agreed, to reduce or remit standard charge in cases of undue hardship.
- Rifkind opposes this because of the sheer difficulty of defining all the appropriate categories of hardship.

Peter Walker:

- Scotland should adopt English/Welsh model where Secretary of State can prescribe various classes and set maximum multipliers in each case. But there must be no presumption to set an across the board multiplier of 1.

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The wild and remote Scottish settlement of Kilchoan where poll tax anomalies can be seen — and felt. In rural Kilchoan the basic charge is £237; in urban Inverness it is £226. Photograph: John

Highland crofts suffer most as poll tax bite

ALLAN MACLACHLAN is a crofter living at the western extremity of the British mainland on the wild Ardnamurchan peninsula in the Scottish Highlands. His house at Kilchoan, a remote settlement amid spectacular scenery, overlooks the northern tip of the Island of Mull.

Last year, it cost him £315 in rates. This year, the MacLachlan household, including his wife and two adult daughters, could have to pay more than £900 in poll tax.

Like others in far-flung communities, Mr MacLachlan wonders why they should have to pay so much more when they receive so little. Kilchoan has mains water, a primary school and a subsidised bus but little else. Its lifeline is a single-track road which winds for 28 miles to Strontian and the nearest policeman.

The closest big town, Fort William, is more than 50 miles and a £3 car ferry away. Tourists and locals often catch the summer-

Scottish crofters paid little in rates because they received little in return. But the poll tax is higher in the country than in towns, bringing demands for more to be spent on rural amenities. Mark Douglas Home reports.

only passenger ferry from Kilchoan to shops five miles across the sea in Tobermory, Mull.

Under the rating system, scarcity of services was reflected in low rateable values. Crofters such as Mr MacLachlan also had 50 per cent relief.

But the distinction between remote rural and well-served urban areas disappeared when the poll tax was introduced in Scotland this year. It has led to what critics regard as an indefensible anomaly. Mr MacLachlan and others in Kilchoan, where council services are few and far between, must pay the same as people in Fort William and Ell more than those in Inverness, the administrative capital of the Highlands.

The poll tax in Kilchoan and

Fort William is £237 — made up of the Highland Regional Council's charge of £180, a water charge of £20, and Lochaber District Council's charge of £37.

The tax in Inverness is £226. The regional council charge and the water charge again add up to £200, but Inverness District Council's charge is only £26.

Dr Arthur Midwinter, senior lecturer in politics at Strathclyde University and a financial consultant to Highland Regional Council, says the tax has brought about a widespread shift in burden from urban to rural areas.

After a study last year, he estimates 70 per cent of households throughout Highland region will be worse off; in the most remote areas that figure is 90 per cent.

"One of our main concerns is that losses are likely to be concentrated in the very areas where the Government has traditionally put in public money to try to keep local economies healthy."

Mr MacLachlan, who keeps 100 sheep and eight cows and is also Kilchoan's piermaster, has applied for a poll tax rebate. "I will have to go to the bank for an overdraft unless I get the rebate," he said. He is not optimistic.

The "Standard Community Charge" on second homes such as holiday cottages has also boosted local authority income. In Highland, as in most regions, the charge amounts to twice the personal poll tax.

Last year, John MacPhail, who runs the Sonachan Hotel in Ar-

dnamurchan, paid £98 in rates for a second house in Kilchoan. Last year his standard community charge was £474, but because only part of the £1,205 estate business rates and poll tax he and his family must pay.

One effect of the poll tax is more money from rural areas to increase spending elsewhere. Mr MacLachlan is among 1,000 Highland and Strathclyde regions to build slips for Kilchoan and Tobermory so can use the ferry.

Highland region has adopted priority of steering money towards rural areas, but Dr David Foxley, a Fort William general practitioner and regional councillor in Ardnamurchan, wants more. "I will not be paying the tax until there's either a need charge in poorly-served areas or until the local authorities provide comparable services or at least make an effort to



Allan MacLachlan, who is not optimistic he will get a rebate

PRIME MINISTER

COMMUNITY CHARGE SAFETY NET

We had a brief word on Thursday evening about the position reached on the safety net discussions. The issue is due to come to the next meeting of E(LF) on Thursday. But you agreed that the most sensible next step would be for you to have a word with Nick Ridley and John Major.

Given diary constraints this may have to wait until Wednesday morning. But over the weekend you might like to have a further look at some of the papers.

I suggest you start by looking at the paper that was before the last E(LF) meeting. This is at Flag A. I suggest you look particularly at the exemplifications in table 4 of that paper. You will want to work through this area by area, so that you can judge which present the most political sensitivity. I suggest you concentrate on the variants set out in column 7 of table 4 (the so called option 5) and column 8 (the so called option 6). Option 5 is John Major's preferred starting point. Option 6 is that favoured by Nick Ridley.

The next note to look at is the further material provided today by John Major's office at Flag B. This explains his thinking on the sensitive areas in the north west, and the way in which this might be met at an additional cost of around £70 million.

Finally, there is also some additional material provided by Nick Ridley's office at Flag C. This is more complex to follow, and provides another table with yet more options. All the new options set out there have a different starting point to those in the original paper at Flag A; rather than

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- 2 -

contributions to the safety net being shown on the community charge bills, it is assumed the total of basic grant is first reduced by some £950 million and then distributed separately as grant to pay for the safety net. The later columns of the new table then set out various ways in which extra grant of £100 million might be used to achieve the sort of targeting John Major is advocating.



f PAUL GRAY

30 June 1989

Duty Clerk

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PRIME MINISTER

MEETING OF E(LF): 6 JULY

A few weeks back Nick Ridley circulated revised proposals for the transition arrangements under the uniform business rate. John Major (and to a lesser extent Tony Newton) raised objections, and you decided it would be best to remit the issue to E(LF). It will now be discussed at next Thursday's meeting of the Committee.

Immediately below this note is my earlier minute that sought to summarise the issues and the positions taken by the different Ministers. The further papers below are:

Flag A - Summary paper by Nick Ridley and Peter Walker, to which the earlier exchanges of correspondence are annexed.

Flag B - John Mills' brief

Flag C - Cabinet Office brief

Next Thursday's meeting of E(LF) will also need to consider the position of the Community Charge safety net: I have put the latest papers on this separately in the box.

The meeting may also need to consider the latest exchanges between colleagues on the standard Community Charge; again you will find these separately in the box.

RCCB.

PAUL GRAY

30 June 1989

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I agree with John
Mills (i.e. support Nick
Ridley on increased
thresholds + John Major's
opinion on a premium or penalty
+ transitional protection for existing
occupiers only). If this could be
agreed - we wouldn't need the
meeting.

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ccB/psB
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000331.



Treasury Chambers, Parliament Street, SW1P 3AG

Paul Gray Esq
Private Secretary
10 Downing Street
London
SW1

30 June 1989

Dear Paul

E(LF)

...

attached

As requested, I attach a note explaining an option for adjusting the safety net to assist the north, and setting out the Chief Secretary's preference as between the safety net options set out in E(LF)89 4. The Chief Secretary has not yet seen this note and I will let you have any further comments from him on Monday.

I am copying this to Richard Wilson (Cabinet Office)

Yours

Camps

MISS C EVANS
Private Secretary

SECRET

THE SAFETY NET AND THE NORTH: NOTE BY TREASURY OFFICIALS

Four of the six safety net options envisaged in E(LF)(89)4 proposed that, in "losing" local authority areas, the first £25 or £26 per adult of losses would be allowed to feed through. In other words, for standard spending the safety-netted community charge in such areas in 1990-91 would be £25 or so above the uprated 1989-90 average rate bill per adult.

2. Within the self-financing safety-net, if gaining areas are to benefit from some of their gains in the first year it will be necessary to allow some losses to come through. But, by and large, it is areas in the south of England which will receive the gains; it is the north including sensitive areas in the north-west such as Pendle, Hyndburn, Calderdale and Rossendale, which must bear the losses.

3. In these northern areas, average rate bills per adult are low due to a combination of low rateable values, the operation of the present grant system and in many cases relatively modest spending.

4. At present, such areas are not expecting to bear any losses for standard spending: under the safety-net proposals announced last year, all losses were to be fully protected. Allowing through the first £25 or £26 of losses as the Environment Secretary now proposes represents a greater proportionate burden for those areas than for chargepayers elsewhere.

Assistance to the North

5. A modest addition to the Environment Secretary's proposals would protect in full these sensitive areas, by allowing no losses to feed through. (In principle, this could be in the form of a specific grant or, as exemplified here, an adjustment to the safety-net.) The qualifying areas could be selected on the basis of:

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- (i) low average rate bill per adult;
- (ii) low average domestic rateable values;
- (iii) low total rateable values per adult;

or some combination of the three.

6. The exemplifications attached are on the basis of (ii) above with qualifying areas being those local authorities with average domestic rateable values below a threshold of £135.

7. On this basis, 26 local authorities would qualify and would bear no losses under the safety-net. The cost of this additional element would be around £70m.

The Case for Help

8. Assistance has been agreed for inner London to reduce the impact on chargepayers of inheriting ILEA overspend; assistance is desirable in the north because:

(i) a flat-rate loss would impose proportionately higher local tax burdens in areas where the average rate bill per adult is low;

(ii) local authorities (LAs) with low rateable values have received relatively more grant (for standard spending) under the present grant system because of their low rateable values; LAs need time to adjust the spending to lower grant entitlements from 1990 onwards, if they are not to burden local domestic taxpayers unduly.

9. This adjustment to the safety-net could in principle be added to any of the four safety net options set out in E(LF)(89)4, in which the first £25-26 of losses feed through.

10. The Chief Secretary's view is that it would be best to take this new element for the north in conjunction with option 5 - in which the gainers are allowed a fixed percentage of their gains (around 40%). Such proposals (including the new element for the north):

(a) would prevent any losses in the most sensitive areas in the north;

(b) keep losses elsewhere down to £25 per adult, as proposed by the Environment Secretary;

(c) protect chargepayers in inner London from the additional burden of inherited ILEA overspending; and

(d) allow through around 40% of all gains in the first year.

11. The Chief Secretary is not attracted to option 6 in E(LF)(89)4 because the proposed flat-rate contribution of £26:

- turns small losers into big losers;

- turns some gainers into losers;

- provides for a common £26 per adult contribution to the safety-net: that will be wrongly interpreted as an addition to everyone's community charge.

12. Nor would any proposal to top-slice an element of Revenue Support Grant to meet the cost of this £26 flat-rate contribution be helpful: it would

- 1) need primary legislation;
- 2) add significantly to the published community charge for standard spending (CCSS), taking it above £300;
- 3) add to public expenditure, by tempting authorities to raise their spending to a level consistent with the higher CCSS.

AUTHORITIES WITH DOMESTIC RV PER HEREDITAMENT BELOW £135

	Domestic RV per hereditament	Long-run charge compared to CCSS, 'overspend' (+) / 'underspend' (-)
	£	£
Burnley	102	-13
Pendle	104	- 2
Wear Valley	112	+41 —
Hyndburn	112	-16
Barrow in Furness	114	+49
Calderdale	115	+107 —
Teesdale	115	-49
Easington	116	+16
Kirklees	118	+54
Barnsley	120	+95
Copeland	120	+21
Blackburn	121	-41
Rossendale	122	+ 2 —
Derwentside	124	+29
Kingston upon Hull	126	+58
Bradford	127	+ 4
Torridge	128	-56
Sedgefield	128	+52
Allerdale	129	+ 7
Eden	130	-16
Bolsover	131	+70 —
Wansbeck	132	+76 —
Wakefield	134	+72
York	135	-24
Boothferry	135	+37
Rotherham	135	+77



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My ref:

Your ref:

P R Gray Esq
Private Secretary
Prime Minister's Office
No 10 Downing Street
London
SW1A 2AA

30 June 1989

Dear Paul

GRANT SETTLEMENT: SAFETY NETS ETC

As we agreed this morning I am sending you with this letter a number of further exemplifications of possible alternative treatments of the safety net, together with a technical explanatory covering note.

2. It may be worth rehearsing again the different objectives that we are trying to pursue with the safety net. The basic concept is to protect losing authorities from losses in the first year by giving them additional grant, and to pay for this by limiting the gains of gaining authorities. It has been accepted for some time however that we ought not to prevent all gains coming through, and we have always envisaged that gains above £75 a head should be allowed to come through from the first year onwards. It has always been a possibility that losing authorities might have to take some of their losses from the first year in order to allow some of the gains to come through.

3. As it happens the decisions so far taken by Ministers about the total of grant would provide sufficient additional grant to allow gains above £75 to come through immediately without placing any additional burden on the losers. So the first and simplest possibility considered by Ministers already would be to stand firm on that original safety net which will be the present public expectation.

4. My Ministers have however taken the view that contributions of up to £75 a head by gaining authorities will be very much resented in those areas and will cause a great deal of trouble. They therefore proposed to E(LF) a variant option effectively to pay for the safety net by a £26 a head increase in the community charge throughout the country. This would produce sufficient resources to protect all authorities from any losses above this £26 a head, and to allow all gains above £26 a head to come through immediately. They thought this would be simpler to explain, and patently more equitable.

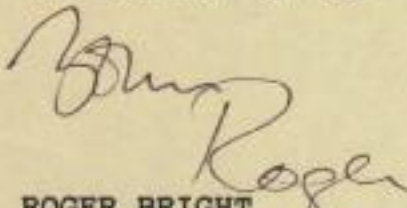
5. My Ministers also take the view that it would be highly desirable not to have to show the contributions to the safety net on the community charge bill. They would therefore prefer to reduce the total of basic grant by £950 million (equal to £26 per head throughout the country) and distribute this separately as grant to pay for the safety net, i.e. for protection for losers. (This would however require an amendment in the Lords to the legislation in the current Local Government and Housing Bill. It would also have a down side in that the community charge for standard spending (CSS) would be £26 a head higher which will mean a larger increase from the figures we have published for 1988/89 and 1989/90 charges. This would also mean that authorities would find it easier to set charges below the CCSS or alternatively might give them an easier pretext for increasing their actual spending without exceeding the CCSS).

6. In subsequent Ministerial discussions particular concern has been expressed about certain authorities which have very low rateable values at present, and which therefore will face especially large proportionate increases in bills when the safety net is eventually removed. It has been suggested that such areas may need additional protection. We have exemplified various ways of attempting to do this, some of which are illustrated in the attached tables.

7. My Secretary of State feels that if anything on these lines were to be done the option of doing it by a separate specific grant (Column 4) would probably be the best, since this would make it clear that the objective was somewhat different from that of the general safety net. It would also enable the protection to be phased out over a different number of years from the general safety net if it were thought that this is desirable. Again, legislation would be necessary. My Secretary of State is not at present convinced that a modification on these lines is in fact necessary; but he has endeavoured in the attached passage to sketch out how such a grant might be best presented if colleagues decided that they do want it.

8. My Ministers are conscious that apart from areas of low rateable value there are other areas of sensitivity in the distribution. Some of the London figures are still uncomfortable, and though the proposed education grant for inner London boroughs will help with some of the inner London difficulties, there are also some sensitive areas in outer London which may need further consideration.

9. My Secretary of State is out of London today and has not yet seen all the attached exemplifications, though he has approved the basis on which they have been constructed. He would be glad to discuss the various possibilities further with the Prime Minister and the Chief Secretary if that would be helpful. Meanwhile we are not circulating any further papers on this for E(LF). I am copying this letter to Carys Evans in the Chief Secretary's office and to Richard Wilson in the Cabinet Office.


ROGER BRIGHT
Private Secretary

Possible Passage on Low Rateable Value Areas for Statement

"I also intend to provide extra grant for authorities with a very low rateable value per domestic hereditament. These are the authorities, where due to the historical accident of low values, the adjustment to the full community charge is generally the greatest proportionately. The original safety net proposals would have prevented them from paying any increase in the first year in real terms beyond the existing rate bill per adult. I do not think we can frustrate their expectations because of my revised proposals for the safety net. I therefore propose a specific grant of £26 per capita for authorities which domestic rateable value per head was £130 or less, tapering to zero for those of £150 or more."

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REVENUE SUPPORT GRANT 1990/91: SAFETY NETS

Note by the Department of the Environment

1. This paper sets out some further figures for safety net options for Ministers to consider over the weekend. The Annex below sets out the key numbers for the options shown in the attached table.

2. The first option, shown in column 3, is the Secretary of State's preferred option as put to E(LF) for a flat rate contribution to the safety net from every chargepayer, but achieved by using £950 million of the £23 billion AEF as a specific grant to pay for the net. The effect of this is to give losers the same protection as under the option presented earlier, but this is paid for not by direct contributions on the face of the bill but through a higher community charge for standard spending (CCSS).

3. This achieves the objective of getting the contribution off the bill. But it puts the CCSS up to £301. This looks very high. Ministers would be able to explain that average actual charges should be lower than this - the £950 million of specific safety net grant is still available to bring the average charge down to £273. But these arguments are technical and difficult, and tend to undermine the key role of the CCSS.

4. The next option, in column 4, adds to the first option a further specific grant designed to help those with a very low rateable value per domestic hereditament. Because of these historically low values, these areas generally face the largest proportionate increases in moving to the community charge. The form of specific grant illustrated would give £26 per adult to

areas with average domestic RVs of £130 or less, tapering to no grant for areas with domestic RVs of £150 or more. In the areas which benefit therefore, chargepayers are paying none or only a part of the extra £26 on the CCSS needed to finance the safety net. This costs about an extra £100 million of grant.

5. Column 5, exemplifies a variation on the flat rate contribution approach using the higher grant total. Under this every area contributes to the net but the contributions are a varying proportion of their rate bill per adult up to a maximum of £28. Areas with rate bills below £200 per adult would make no contribution; authorities with rate bills between £200 and £225 per adult would contribute 6%; and authorities with rate bills above £225 per adult would contribute 12% up to the maximum of £28. This relates the contribution to bills rather than rateable values. It means that some authorities with low bills (because they are low spending, rather than having low rateable values) would get protection and introduces fewer steps into the calculation.

6. Column 6 illustrates another way in which safety net contributions can be kept off the charge bill. The whole cost of the net is "topliced" from AEF, so no direct contributions are needed. Losers get full protection. As with the £950 million specific grant options, this does push up the CCSS. But again it doesn't affect the average charge, since the amount topsliced still flows through to authorities and keeps charges down. With AEF of £23.1 billion, £2.3 billion has to be topsliced. This puts the CCSS up to £336.

7. For comparison, the last column shows what the original safety net would look like with the higher AEF of £23.1 billion. The losers get full protection and the maximum contribution goes down to £63. The pattern of charges is identical to that in column 6. Arithmetically this is inevitable since in both options the same amount is needed to protect the losers and thus must be raised

from gainers. In the "old" safety net, it is raised by taking away gains; under topslicing, by pushing up the CCSS and then redistributing grant.

8. All these options, except the original safety net, would require legislation. The first and second mean creating one or more specific grants. Given that the Local Government and Housing Bill is about to enter the Lords, this would create problems with Parliamentary procedure. No doubt these are not insuperable but they will be unwelcome. The third and fourth options require amendment to our present safety net powers; though these would need careful drafting they can be done in the Lords.

SAFETY NET OPTIONS - KEY FIGURES

A. Column 3, £950 million Specific Grant

- £26 contribution from everyone, but achieved by taking £950 million out of AEF of £23 billion, pushing up CCSS

Maximum effective loss	£26
------------------------	-----

Contribution	£26
--------------	-----

CCSS	£301
------	------

B. Column 4, £950 million Specific Grant, Plus Additional Specific Grant For Low RV Areas

- £26 contribution from everyone, achieved by taking £950 million out of AEF, pushing up CCSS as above to £301

- in addition, specific grant paid to low RV areas as follows:

average domestic RV < £130	£26 grant, £0 contribution
----------------------------	----------------------------

tapering to

average domestic RV > £150	£0 grant, £26 contribution through CCSS
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- This costs £100 million in extra grant.

C. Column 5, Variable Contributions

- contributions on a sliding scale up to a maximum of £28
- with AEF of £23.1 billion, the contribution scale is:

rate bills below	£200	no contribution
	£200 - £225	6%
	£225 or more	12% up to a max of £28

- CCSS £272

D. Column 6, Topslicing

- no losses
- £2.3 billion is "topsliced" to finance the safety net
- it is paid for by pushing up the CCSS
- with AEF of £23.1 billion, safety net costs £1 billion, CCSS goes up to £336

E. Column 7, Original Safety Net

- no losses
- cost met by contributions from gainers up to a maximum
- with AEF of £23.1 billion, maximum contribution £63, CCSS £272

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

DOE E(LF) Standard Spending Assessment Package. Total Standard Spending £32.8bn

Inner London charges reduced by £100m ILEA specific grant

	COL 1 1989/90 rate bill per adult + 4%	COL 2 Full change AEF £23.0bn	COL 3 AEF £23.0bn £950m specific grant	COL 4 AEF £23.1bn £100m extra specific grant	COL 5 AEF £23.1bn 0,6,12% or £28 contribution	COL 6 AEF £23.1bn £2.3bn top sliced	COL 7 AEF £23.1bn old net £65 max cont
Total England	280	273	273	270	270	270	270
Total Inner London	343	396	286	286	285	271	271
Total Outer London	324	<u>309</u>	320	320	321	317	317
Total Metropolitan A	273	287	275	268	272	268	268
Total Shire Areas	271	249	261	259	257	260	260

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Northern Region	248	306	275	264	271	248	249
North West Region	277	277	285	282	283	275	276
Yorkshire and Humber	237	315	263	249	258	237	238
East Midlands Region	252	263	267	266	264	252	252
West Midlands Region	278	227	250	250	248	265	265
'North'	261	275	268	263	265	258	258
Eastern Region	251	232	255	255	252	248	248
South East Region	308	231	257	257	255	282	281
South West Region	250	252	265	265	260	249	250
Greater London Region	331	340	308	308	308	301	301
'South'	298	266	273	273	271	278	278
Total England	280	273	273	270	270	270	270

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GREATER LONDON							
City of London	541	325	351	351	350	386	385
Camden	446	441	426	426	428	400	400
Greenwich	285	579	247	247	249	221	221
Hackney	351	239	265	265	265	283	283
Hammersmith and Fu	373	563	350	350	352	323	324
Islington	446	425	417	417	419	391	391
Kensington and Che	393	204	231	231	230	265	265
Labeth	309	334	278	278	280	252	252
Levisham	275	423	242	242	244	216	216
Southwark	281	439	248	248	250	222	222
Tower Hamlets	282	397	241	241	243	215	215
Wandsworth	202	350	176	176	162	150	150
Westminster	587	340	367	367	366	401	401
Barking and Dagenh	244	365	271	271	273	244	245
Barnet	361	246	272	272	271	307	306
Bexley	247	294	273	273	275	247	247
Brent	491	461	487	487	487	491	491
Bromley	255	260	281	281	283	255	255
Croydon	267	164	190	190	189	225	224
Ealing	321	312	338	338	338	321	321
Enfield	316	274	300	300	299	316	316
Haringey	532	566	559	559	561	532	533
Harrow	327	264	291	291	290	325	324
Havering	257	297	283	283	285	257	257
Hillingdon	328	402	354	354	356	328	328
Hounslow	373	350	377	377	376	373	373
Kingston-upon-Thames	324	328	351	351	353	324	325
Merton	285	304	311	311	313	285	285
Newham	356	319	345	345	345	356	356
Redbridge	231	242	257	257	258	231	231
Richmond-upon-Thames	357	305	331	331	330	357	357
Sutton	309	306	333	333	332	309	309
Waltham Forest	325	275	301	301	300	325	325

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GREATER MANCHESTER							
Bolton	242	243	269	269	268	242	242
Bury	308	308	334	334	333	308	308
Manchester	322	288	314	314	313	322	322
Oldham	237	259	264	259	266	237	237
Rochdale	262	342	289	278	291	262	262
Salford	286	283	309	309	308	286	286
Stockport	313	269	295	295	295	313	313
Tameside	253	303	279	275	281	253	253
Trafford	287	235	261	261	260	287	287
Wigan	269	343	295	295	297	269	269
MERSEYSIDE							
Knowsley	300	247	273	273	272	300	300
Liverpool	302	276	302	302	301	302	302
St Helens	262	313	288	288	290	262	262
Sefton	288	270	296	296	295	288	288
Mirral	381	350	376	376	375	381	381
SOUTH YORKSHIRE							
Barnsley	221	367	247	221	234	221	221
Doncaster	258	372	284	270	286	258	258
Rotherham	249	349	275	255	277	249	249
Sheffield	278	384	304	288	306	278	278
TYNE AND WEAR							
Gateshead	248	324	274	256	276	248	248
Newcastle upon Tyn	279	335	305	305	307	279	279
North Tyneside	313	345	340	340	342	313	314
South Tyneside	236	300	262	252	264	236	236
Sunderland	217	275	243	226	230	217	217
WEST MIDLANDS							
Birmingham	281	193	219	219	218	254	253
Coventry	311	281	307	307	307	311	311
Dudley	302	249	276	276	275	302	302
Sandwell	279	211	238	238	237	272	271
Solihull	318	208	234	234	233	269	268
Walsall	305	255	281	281	280	305	305
Wolverhampton	306	196	222	222	221	257	256
WEST YORKSHIRE							
Bradford	218	276	245	219	231	218	219
Calderdale	236	379	263	237	265	236	237
Kirklees	217	326	244	218	230	217	217
Leeds	223	253	249	245	236	223	223
Wakefield	237	344	263	242	265	237	237

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AVON							
Bath	255	298	281	281	283	255	255
Bristol	298	345	324	324	326	298	298
Kingswood	263	264	289	289	290	263	263
Northavon	299	275	302	302	301	299	299
Wansdyke	278	288	305	305	307	278	279
Woodspring	305	285	311	311	310	305	305
BEDFORDSHIRE							
North Bedfordshi	310	238	264	264	263	299	298
Luton	361	233	259	259	258	294	293
Mid Bedfordshire	316	244	271	271	270	305	305
South Bedfordshi	364	273	299	299	298	334	333
BERKSHIRE							
Bracknell	305	239	265	265	264	300	299
Newbury	299	178	204	204	203	239	238
Reading	274	224	251	251	250	274	274
Slough	265	150	176	176	175	211	210
Windsor and Maid	349	240	267	267	266	302	301
Wokingham	340	201	228	228	227	262	262
BUCKINGHAMSHIRE							
Aylesbury Vale	288	186	212	212	211	267	246
South Bucks	458	213	239	239	238	274	273
Chiltern	463	231	257	257	257	292	291
Milton Keynes	331	217	244	244	243	278	277
Wycombe	386	223	249	249	248	284	283
CAMBRIDGESHIRE							
Cambridge	323	248	275	275	274	309	308
East Cambridgesh	235	211	238	238	237	235	235
Fenland	223	229	249	249	236	223	223
Huntingdonshire	250	208	234	234	233	250	250
Peterborough	274	256	282	282	281	274	274
South Cambridges	297	192	218	218	217	253	252
CHESHIRE							
Chester	303	258	284	284	284	303	303
Congleton	280	256	282	282	281	280	280
Crewe and Nantwi	308	276	303	303	302	308	308
Ellesmere Port &	292	267	293	293	293	292	292
Halton	259	266	286	286	288	259	260
Macclesfield	357	252	278	278	277	313	312
Vale Royal	267	252	279	279	278	267	267
Warrington	266	269	292	292	294	266	266

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CLEVELAND							
Hartlepool	247	301	273	264	275	247	247
Langbaurgh-on-Te	308	337	334	334	336	308	308
Middlesbrough	275	330	302	302	304	275	276
Stockton-on-Tees	298	301	324	324	326	298	298
CORNWALL							
Caradon	220	218	244	244	229	220	220
Carrick	229	228	254	254	253	229	229
Kerrier	194	219	220	216	194	194	194
North Cornwall	220	215	241	241	225	220	220
Penwith	205	219	231	227	217	205	205
Restormel	205	217	232	232	218	205	205
CUMBRIA							
Allerdale	197	282	223	197	197	197	197
Barrow in Furness	198	321	224	198	198	198	198
Carlisle	227	282	253	239	254	227	227
Copeland	191	293	217	191	191	191	191
Eden	208	256	234	208	221	208	208
South Lakeland	249	280	275	275	277	249	249
DERBYSHIRE							
Alder Valley	249	316	275	275	277	249	249
Bolsover	225	342	251	226	238	225	225
Chesterfield	257	342	284	284	286	257	258
Derby	311	311	337	337	336	311	311
Erewash	265	325	291	291	293	265	265
High Peak	254	328	281	280	283	254	254
North East Derby	277	347	303	303	305	277	277
South Derbyshire	281	308	307	307	309	281	281
Derbyshire Dales	297	314	323	323	325	297	297
DEVON							
East Devon	241	223	250	250	249	241	241
Exeter	216	238	242	242	229	216	216
North Devon	185	220	212	206	185	185	186
Plymouth	217	223	243	243	230	217	217
South Hams	257	228	255	255	254	257	257
Teignbridge	225	229	251	251	258	225	225
Mid Devon	193	219	220	220	193	193	194
Torbay	258	293	285	285	287	258	258
Torridge	169	216	196	170	169	169	170
West Devon	205	211	231	231	217	205	205

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DORSET							
Bournemouth	254	251	277	277	277	254	254
Christchurch	305	247	274	274	273	305	305
North Dorset	216	195	219	219	203	216	216
Poole	292	235	261	261	260	292	292
Purbeck	227	197	223	223	221	227	227
West Dorset	222	203	229	229	214	222	222
Weymouth and Por	203	233	229	229	215	203	203
East Dorset	317	234	261	261	260	295	295
DURHAM							
Chester-le-Street	237	280	263	263	265	237	237
Darlington	248	285	274	274	276	248	248
Derwentside	209	301	235	209	221	209	209
Durham	227	280	253	253	254	227	227
Easington	200	288	227	201	212	200	201
Sedgefield	225	324	251	225	238	225	225
Teesdale	183	223	209	183	183	183	183
Wear Valley	205	313	231	205	217	205	205
EAST SUSSEX							
Brighton	335	348	361	361	363	335	335
Eastbourne	343	269	295	295	294	330	329
Hastings	269	238	265	265	264	269	269
Hove	290	223	249	249	249	284	283
Lewes	309	227	254	254	253	288	288
Rother	325	221	247	247	246	282	281
Wealden	289	224	250	250	250	285	284
ESSEX							
Basildon	434	353	379	379	378	414	413
Braintree	302	228	255	255	254	289	288
Brentwood	408	385	412	412	411	408	408
Castle Point	339	233	260	260	259	294	293
Chelmsford	371	229	255	255	254	290	289
Colchester	291	230	256	256	255	291	290
Epping Forest	414	267	293	293	292	328	327
Harlow	425	417	443	443	443	425	425
Maldon	327	224	250	250	249	285	284
Rochford	363	242	268	268	268	303	302
Southend-on-Sea	357	254	280	280	279	315	314
Tendring	310	245	272	272	271	306	306
Thurrock	365	313	340	340	339	365	365
Uttlesford	363	226	252	252	251	287	286

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GLOUCESTERSHIRE							
Cheltenham	280	255	281	281	280	280	280
Cotswold	282	223	249	249	248	282	282
Forest of Dean	201	228	228	228	214	201	202
Gloucester	231	232	258	258	257	231	231
Stroud	251	240	267	267	266	251	251
Tewkesbury	270	215	241	241	240	270	270
HAMPSHIRE							
Basingstoke and	249	162	188	188	188	223	222
East Hampshire	287	173	199	199	199	234	233
Eastleigh	282	187	213	213	212	248	247
Fareham	287	182	208	208	207	243	242
Gosport	245	188	215	215	214	245	245
Hart	314	190	217	217	216	252	251
Havant	280	175	201	201	200	236	235
New Forest	264	189	216	216	215	250	249
Portsmouth	205	219	232	232	218	205	205
Rushmoor	231	174	200	200	199	231	231
Southampton	221	189	216	216	200	221	221
Test Valley	262	164	190	190	189	225	224
Winchester	293	176	202	202	201	237	236
HEREFORD AND WORCESTER							
Braosgrove	264	174	201	201	200	235	234
Hereford	185	173	199	199	170	185	185
Leominster	176	147	173	173	144	176	176
Malvern Hills	258	185	212	212	211	246	245
Redditch	270	214	240	240	239	270	270
South Herefordsh	189	148	174	174	145	189	189
Worcester	259	216	242	242	241	259	259
Wychevon	280	191	217	217	216	252	251
Wyre Forest	242	215	241	241	241	242	242
HERTFORDSHIRE							
Broxbourne	326	264	290	290	289	325	324
Decorah	375	252	279	279	278	314	313
East Hertfordshi	336	274	300	300	300	335	334
Hertsere	405	297	324	324	323	358	357
North Hertfordsh	374	264	291	291	290	326	325
St Albans	389	259	285	285	284	320	319
Stevenage	386	331	358	358	357	386	386
Three Rivers	406	276	303	303	302	337	337
Watford	340	283	309	309	308	340	340
Welwyn Hatfield	417	337	363	363	363	398	397

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

DOE E(LF) Standard Spending Assessment Package. Total Standard Spending £32.8bn

Inner London charges reduced by £100m ILEA specific grant

	COL 1 1989/90 rate bill per adult + 4%	COL 2 Full charge AEF £23.0bn	COL 3 AEF £23.0bn £950m specific grant	COL 4 AEF £23.1bn £100m extra specific grant	COL 5 AEF £23.1bn 0.6, 12% or £28 contribution	COL 6 AEF £23.1bn £2.3bn top sliced	COL 7 AEF £23.1bn old net £65 max cont
HUMBERSIDE							
Beverley	317	302	329	329	328	317	317
Boothferry	220	309	246	226	233	220	220
Cleethorpes	264	332	290	290	292	264	264
Glanford	259	286	285	285	287	259	259
Great Grimsby	251	322	277	277	279	251	251
Holderness	262	288	288	288	290	262	262
Kingston upon Hu	233	330	260	234	261	233	234
East Yorkshire	242	318	268	256	270	242	242
Scunthorpe	284	371	310	310	312	284	284
ISLE OF WIGHT							
Medina	245	250	272	272	274	245	246
South Wight	269	265	291	291	290	269	269
KENT							
Ashford	239	198	224	224	224	239	239
Canterbury	224	199	225	225	209	224	224
Dartford	218	234	245	245	231	218	219
Dover	198	187	214	214	184	198	198
Gillingham	211	186	213	213	196	211	211
Gravesham	232	193	219	219	218	232	232
Maidstone	231	179	206	206	204	231	231
Rochester upon M	205	163	189	189	173	205	205
Sevenoaks	257	192	218	218	217	253	252
Shepway	278	229	255	255	254	278	278
Swale	198	203	225	225	198	198	199
Thanet	234	209	235	235	234	234	234
Tonbridge and Ma	229	223	250	250	248	229	229
Tunbridge Wells	245	190	216	216	216	245	245
LANCASHIRE							
Blackburn	183	234	209	183	183	183	183
Blackpool	239	290	265	265	267	239	239
Burnley	176	259	203	177	176	176	176
Chorley	228	238	255	255	256	228	228
Fylde	272	250	276	276	275	272	272
Hyndburn	176	256	202	176	176	176	176
Lancaster	211	253	237	237	224	211	211
Pendle	169	270	195	169	169	169	169
Preston	233	220	247	246	246	233	233
Ribble Valley	215	245	242	242	228	215	216
Rossendale	199	277	225	199	199	199	199
South Ribble	228	249	254	254	255	228	228
West Lancashire	275	239	265	265	264	275	275
Wyre	239	249	265	265	267	239	239

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

DOE E(LF) Standard Spending Assessment Package. Total standard spending £32.8bn

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LEICESTERSHIRE							
Blaby	266	226	252	252	251	266	266
Charnwood	265	213	239	239	239	265	265
Herborough	307	244	270	270	269	305	304
Hinckley and Bos	257	232	259	259	258	257	257
Leicester	232	289	258	258	259	232	232
Melton	258	231	257	257	256	258	258
North West Leice	258	249	275	275	274	258	258
Oadby and Wigsto	281	243	270	270	269	281	281
Rutland	243	212	238	238	238	243	243
LINCOLNSHIRE							
Boston	208	225	234	234	220	208	208
East Lindsey	204	207	231	231	216	204	204
Lincoln	199	224	226	224	199	199	200
North Kesteven	205	203	229	229	213	205	205
South Holland	204	224	230	230	216	204	204
South Kesteven	222	211	237	237	221	222	222
West Lindsey	200	203	227	227	212	200	200
NORFOLK							
Breckland	223	214	240	240	224	223	223
Broadland	253	218	244	244	243	253	253
Great Yarmouth	222	242	248	248	235	222	222
North Norfolk	228	215	241	241	240	228	228
Norwich	256	260	283	283	285	256	257
South Norfolk	251	232	259	259	258	251	251
King's Lynn and	203	220	229	229	215	203	203
NORTHAMPTONSHIRE							
Corby	274	248	274	274	273	274	274
Deventry	303	247	274	274	273	303	303
East Northampton	233	215	241	241	240	233	233
Kettering	246	244	270	270	270	246	246
Northampton	296	282	308	308	308	296	296
South Northampton	293	209	235	235	234	270	269
Wellingborough	242	230	257	257	256	242	242
NORTHUMBERLAND							
Alnwick	242	296	268	268	270	242	242
Berwick-upon-Twe	231	295	258	239	259	231	231
Blyth Valley	271	345	297	297	299	271	271
Castle Morpeth	303	288	314	314	313	303	303
Tynedale	257	287	283	283	285	257	257
Wansbeck	238	348	264	240	266	238	238

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8bn

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NORTH YORKSHIRE							
Craven	197	238	224	212	197	197	197
Hambleton	226	236	252	252	253	226	226
Harrogate	260	272	286	286	288	260	260
Richmondshire	187	231	213	213	187	187	187
Ryedale	211	248	237	237	223	211	211
Scarborough	204	269	230	222	216	204	204
Selby	205	262	232	232	218	205	206
York	187	248	213	193	187	187	187
NOTTINGHAMSHIRE							
Ashfield	206	257	232	216	218	206	206
Bassetlaw	228	259	254	254	255	228	228
Broxtowe	258	260	284	284	286	258	258
Gedling	274	254	280	280	279	274	274
Mansfield	225	279	252	250	252	225	226
Newark and Sherw	249	250	275	275	276	249	249
Nottingham	234	250	260	260	262	234	234
Rushcliffe	289	249	275	275	274	289	289
OXFORDSHIRE							
Cherwell	269	231	258	258	257	269	269
Oxford	294	220	246	246	245	281	280
South Oxfordshir	321	230	256	256	255	291	290
Vale of White Ho	302	220	246	246	245	281	280
West Oxfordshire	272	220	246	246	245	272	272
SHROPSHIRE							
Bridgnorth	228	187	213	213	211	228	228
North Shropshire	200	201	227	227	210	200	200
Oswestry	202	222	228	228	214	202	202
Shrewsbury and A	251	222	249	249	248	251	251
South Shropshire	208	187	214	214	197	208	208
Wrekin	267	256	282	282	281	267	267
SOMERSET							
Mendip	250	249	275	275	274	250	250
Sedgemoor	259	267	285	285	287	259	259
Taunton Deane	255	263	282	282	284	255	255
West Somerset	271	263	290	290	289	271	271
South Somerset	259	264	285	285	287	259	259

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

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STAFFORDSHIRE							
Cannock Chase	244	255	271	271	273	244	245
East Staffordshi	230	229	255	255	253	230	230
Lichfield	294	230	256	256	255	291	290
Newcastle-under-	238	253	264	264	266	238	238
South Staffordsh	291	224	250	250	249	285	284
Stafford	252	226	252	252	251	252	252
Staffordshire Mo	233	242	259	259	260	233	233
Stoke-on-Trent	210	254	237	237	223	210	210
Tamworth	264	244	270	270	269	264	264
SUFFOLK							
Babergh	253	249	275	275	274	253	253
Forest Heath	226	229	252	252	253	226	226
Ipswich	283	286	310	310	312	283	283
Mid Suffolk	241	228	254	254	253	241	241
St Edmundsbury	230	214	240	240	239	230	230
Suffolk Coastal	287	238	264	264	264	287	287
Waveney	231	244	258	258	259	231	232
SURREY							
Elmbridge	445	303	330	330	329	364	364
Epsom and Ewell	398	323	349	349	348	384	383
Guildford	334	224	250	250	250	285	284
Hole Valley	336	261	288	288	287	322	321
Reigate and Bams	358	275	302	302	301	336	335
Runnymede	294	247	273	273	272	294	294
Spelthorne	293	234	260	260	259	293	293
Surrey Heath	352	240	267	267	266	301	301
Tandridge	302	280	306	306	306	302	302
Waverley	362	240	266	266	265	301	300
Woking	368	288	314	314	313	349	348
WARWICKSHIRE							
North Warwickshi	307	306	332	332	332	307	307
Nuneaton and Bod	308	317	335	335	336	308	308
Rugby	313	281	307	307	306	313	313
Stratford on Avo	369	268	294	294	293	329	328
Warwick	361	283	309	309	309	344	343

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

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<hr/>							
WEST SUSSEX							
Adur	281	238	264	264	264	281	281
Arun	270	209	235	235	234	270	269
Chichester	262	191	218	218	217	252	251
Crawley	269	269	296	296	295	269	269
Horsham	261	179	205	205	204	240	239
Mid Sussex	287	209	235	235	235	270	269
Worthing	248	217	243	243	242	248	248
<hr/>							
WILTSHIRE							
Kennet	241	227	253	253	252	241	241
North Wiltshire	226	256	252	252	253	226	226
Salisbury	262	224	251	251	250	262	262
Thamesdown	253	302	279	279	281	253	253
West Wiltshire	232	260	259	259	260	232	233
<hr/>							
ALL PURPOSE AUTHORITY							
Isles of Scilly	214	505	241	241	227	214	215



SCOTTISH OFFICE
WHITEHALL LONDON SW1A 2AU

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

24 June 1989

STANDARD COMMUNITY CHARGE

Thank you for your letter of 23 June about proposals relating to the operation of the standard community charge. I have also noted the comments I have received from Peter Walker and John Moore, both writing on 20 June.

I consider that the level of multiplier set by local authorities is at the heart of the problems we are encountering. As I explained in my paper, the assumption made in the Green Paper that a multiplier of 2 would leave second home owners broadly unaffected by the removal of rates simply has not been borne out by experience in Scotland. The average rates bill on second homes in the Strathclyde Region, which contains almost 30% of standard charge properties in Scotland, was £210-£220 last year while the standard charge, based on a multiplier of 2, averages £585 in that Region. There are moreover many properties, both in Strathclyde and throughout Scotland, where the difference is extreme, involving an increase of 10 times or more on last year's domestic rates' bill.

This was not anticipated and the conclusion I would draw is that in Scotland a multiplier of 2 is not reasonable. While therefore I understand the preference to maintain the present position in practice so far as England and Wales is concerned, I feel I need additional powers. The fact is that you have these powers and can, if you so choose, adjust the level of the multiplier for particular purposes. My suggestion that I take such powers to intervene is aimed both at providing me with the same statutory powers as you have and at preserving the statutory position in all 3 countries that the maximum could be up to 2. While we would be likely to use our discretion differently in certain respects to reflect different circumstances in England, Scotland and Wales, the statutory position would therefore be the same.

I am pleased that you agree that we should take steps in any event to allow the incidence of the standard community charge to be reduced. However I am not sure that your suggestion that local authorities should be given greater discretion to allow a reduction or remission in the

standard charge in cases where its effects seem unduly hard offers us a way forward. The introduction of discretion to allow for specific categories of personal hardship would sit very uneasily alongside our policy that hardship arising from personal circumstances under the community charges relates to means and is therefore dealt with through the personal community charge rebate scheme. A major difficulty I see in this approach lies in drawing up the categories for which discretionary remission of the charge would be available. One of the points that has emerged from our detailed look at how the present arrangements are working is the number of different personal circumstances in which apparent hardship is occurring.

It was for these reasons that we moved away from any radical attempt to resolve the problem by reference to 'classes' of people that were affected and suggested building on our present arrangements. The main instrument I proposed for tackling the 'difficult' cases, (apart from those cases where the problem is simply a large increase of the pre-1 April rates bill) was the introduction of a flexible period of grace for unoccupied but furnished property. This seemed to me to offer authorities considerable flexibility to act on a case by case basis and in a manner in which they are already becoming familiar, in that they are already determining periods of grace for unoccupied and unfurnished properties. In other words it fits the Scottish context particularly well, and I hope it need not cause problems for colleagues. It also avoids the kind of problems I have outlined above.

I would therefore be grateful if you could consider this suggestion again. If there is continuing concern about the nature of this proposal (although I think this is misplaced) we would need to consider leaving aside the proposed statutory minimum period of 3 months and instead giving authorities the power to set any period of grace, on a case by case basis, with appropriate powers to extend or shorten the period where they thought fit.

I am disappointed that more consideration does not appear to have been given to my other suggestions. The proposal to exempt unoccupied and unfurnished properties would resolve what is a serious, real and unavoidable bureaucratic tangle for local authorities and, as I indicated, the revenue foregone would be small, particularly since most authorities have set periods of grace at more than the minimum. In this connection, while I understand John Moore's concerns, I think that the revenue effects of our proposals have to be seen in perspective. A reduction of the multiplier to 1 would add, at the very most, £2-£3 to everybody's annual community charge bill. Our other proposals would add considerably less.

I would be grateful finally for an indication of how the proposal that holiday homes which are available for letting should move into rating is developing. This was, as you know, part of the package in my paper to colleagues and I understand that you are considering something similar.

While welcome in themselves I feel strongly that these more detailed changes, if we can agree them, would still be inadequate to deal with the discontent on the standard community charge arising not least from our own supporters in Scotland which will continue unless colleagues can agree that I tackle the multiplier issue. My proposal on that is framed with the precise object of bringing the primary legislation in the three

countries into line and I really do not see why either you or Peter Walker should be prejudiced if I do that.

I am sending a copy of this letter to members of E(LF).

MALCOLM RIFKIND



Local Part: R-701
A13

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GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-270 3000 (Switsfwrdd)
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Oddi wrth Ysgrifennydd Gwladol Cymru



CONFIDENTIAL

WELSH OFFICE
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Tel. 01-270 3000 (Switchboard)
01-270 0538 (Direct Line)

From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

CT/6161/89

24 June 1989

NBPM & Mrs. Jones

Recd
24/6

file with Po
HARMONISATION OF RATING: THE DECAPITALISATION RATE

Thank you for copying to me your letter of 20 June to Malcolm Rifkind.

Your proposals for a general 6% decapitalisation rate, with a concessionary 4% rate for education establishments and some health establishments, appear to me to be well-judged, and I am happy to support them. I agree that an early announcement would be advisable to assist the Valuation Office and the Scottish Assessors in their work on the revaluation.

- / I am copying this letter to the Prime Minister, John Major, Kenneth Clarke, Kenneth Baker, Malcolm Rifkind and to Sir Robin Butler.

The Rt Hon Nicholas Ridley MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON SW1

LOCAL GOVT: Rate, PT 13



*I understand you did not
receive the PM's copy.*

Telephone
~~01420 20000~~ 276 4400

DEPARTMENT OF THE
ENVIRONMENT
2 MARSHAM STREET
SW1P 3EB



*With the Compliments of the
Private Secretary to the Secretary of
State for the Environment*

*BF
(PU have a
copy,
thank)*



ccpt

2 MARSHAM STREET
LONDON SW1P 1EB
01-276 3000

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

My ref

Your ref

2 June 1989

Dear Secute - f Stant.

STANDARD COMMUNITY CHARGE

Recd.

Thank you for your letter of 8 June. I have also seen the letters from Peter Walker and John Moore dated 20 June.

I understand the difficulties which the operation of the standard community charge is causing, but I do not believe that the solutions you propose are necessarily the best way of tackling them. I think that the way forward lies in allowing charging and levying authorities in all three countries more discretion than is currently available to them to allow a reduction or remission in the standard charge in cases where its effects appear unduly hard. (There would need to be some general criteria here to ensure that local authorities exercised their discretion fairly as between different individuals in similar circumstances.)

This approach would not involve a radical restructuring of the standard charge, with the concomitant danger of our being seen to be over-generous to second home owners, and would enable us to say quite genuinely that local authorities have it in their power to provide relief in the sorts of cases you mention. It would also, by targeting the relief on the cases where it is needed, minimise the effect on rebates expenditure, about which John Moore is concerned.

Any such provision would require an amendment both to our community charge legislation and yours, in the Local Government and Housing Bill which enters Lords Committee in mid-July. We will therefore need to agree the details quickly if you and colleagues are content with the approach I am suggesting.

We should need to handle any announcement carefully: I think that a PQ answer in advance of Lords Committee would be best, with simultaneous press releases in the three countries. If you are content, my officials can prepare drafts in consultation with your officials and Peter Walker's.

I am sending a copy of this letter to members of E(LF).

Yours sincerely
[Signature]

PP NICHOLAS RIDLEY

*(Approved by the Secretary of State
as signed in his absence)*



CONFIDENTIAL

Prime Minister

cgpr
NBPR at this stage
~~not to be~~ until the
ine case to (L.F.)

Recd
14/6

UNIFORM BUSINESS RATE AND REVALUATION: TRANSITIONAL ARRANGEMENTS

File into PR
I have seen the minutes from Nicholas Ridley, on 7 June and Peter Walker, on 9 June, on their proposals for phasing in the effects of 1990 revaluation and the uniform business rate in England and Wales. I have also seen John Major's minute of 14 June and Tony Newton's letter of 15 June commenting on these proposals.

I do not wish to comment on the balance of advantage in England and Wales. The effects of the 1990 revaluation in Scotland in increasing individual ratepayers' liabilities will be much less in Scotland, where we last revalued in 1985, than in England and Wales but some will face significant increases and I have announced similar limits to those proposed for England and Wales. I am pleased that colleagues are agreeing that these limits should be retained.

I do not yet have sufficient information to decide how the protection of losers will be financed in Scotland. Because however the phasing in of losses in Scotland on the basis proposed should take much less time than elsewhere and because, as colleagues know, I intend intervening to bring rate poundages in Scotland down towards the UBR, I am not attracted by the idea of introducing a premium to help finance phasing in the revaluation in Scotland, whatever may be finally decided for England and Wales. But I would not be embarrassed by a premium in England if that were decided. I shall of course inform colleagues of my proposals for financing the limit on losers in Scotland once I have formulated these.

I am copying this minute to members of E(LF), John Wakeham,
David Waddington and to Sir Robin Walker.

MR

M R

21 June 1989

Laan Ga 15: Rets
B 12.



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 Security

CONFIDENTIAL

The Rt Hon Malcolm Rifkind MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

20 June 1989

Dear Malcolm,

THE STANDARD COMMUNITY CHARGE

I have seen a copy of your letter of 8 June to Nicholas Ridley about problems being caused by the standard community charge in Scotland and proposing action to tackle them.

I mentioned in my letter of 2 March that if any reduction in authorities' revenue from the standard community charge were to be compensated for by increases in the level of personal community charge, this would have an impact on community charge rebate expenditure. About a quarter of any additional revenue raised through increased personal community charges would effectively be raised through additional benefit expenditure, and this has not been budgeted for. Furthermore, as 20% of the national average community charge has been added to the Income Support benefit rates on a "once-off" basis, any increase in the level of community charges would almost certainly lead to pressure for similar increases to Income Support rates.

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

Yours ever
John Moore

JOHN MOORE

AL GOVT: Caring PH2.





CONFIDENTIAL

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

The Rt Hon Malcolm Rifkind MP
Scottish Office
Dover House
Whitehall
LONDON
SW1

20 June 1989

Dear Secretary of State,

HARMONISATION OF RATING: THE DECAPITALISATION RATE

I have now had the opportunity to consider the response to the consultation document that we issued on this subject, which followed the agreed line set out in my minute of 3 February to the Prime Minister.

Although industry favours a decapitalisation rate of 5%, they justify this only by placing a different emphasis on the interpretation of the same evidence as we used in our consultation paper. I am not persuaded by their arguments. I therefore propose that we each use our powers to prescribe a common decapitalisation rate of 6 per cent north and south of the border, as we previously agreed.


As to lower rates for certain cases, I think it would be right for us to prescribe a 4% rate for schools, universities, polytechnics and colleges of further and higher education provided by local authorities and non-profit making bodies. To encompass the last of these, I will need to make a minor amendment to my powers of prescription, and will incorporate this in the Local Government and Housing Bill. I understand that a similar amendment may be needed to your legislation.

On health care facilities, officials are still discussing whether health centres can come in at the lower rate besides hospitals and maternity homes. There are definitional problems and the risk that we should destabilise a much wider range of rateable values set on rental evidence. So they will probably have to be at the higher rate. However, we do not need to settle this relatively minor point now.

CONFIDENTIAL

In the meantime, if you agree, I suggest that we aim to make a joint announcement early next month, to give the Valuation Office and Assessors certainty for their revaluation work. I enclose a draft of an arranged written question and answer. ✓

I am copying this letter to the Prime Minister, John Major, Peter Walker, Kenneth Baker and Kenneth Clarke.

Yours sincerely


pp
NICHOLAS RIDLEY

(Approved by the Secretary of State but signed in his absence)

QUESTION

To ask the Secretary of State for the Environment, what are the results of consultation on the harmonisation of the decapitalisation rate used for rating assessment in Great Britain that he announced on 7 March.

ANSWER

My Rt Hon Friends the Secretaries of State for Scotland and Wales and I have considered carefully the responses received to our proposal to set the decapitalisation rate for property valued by reference to the cost of construction somewhere in the range 6 - 7%. Respondents recognised that a common decapitalisation rate throughout Great Britain will assist in the harmonisation of rating. However, they generally argued that a rate as high as 7% overstated the 1988 cost of borrowing to finance construction. We have therefore decided to set the rate at 6% for most property, with a lower rate of 4% applying to educational property - schools, universities, polytechnics, and to colleges of further and higher education provided by local authorities and non profit making bodies - and to hospitals and certain other health establishments. The necessary regulations will be made later this year.

LOCAL GOVT: Rates pt 12





2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

Paul Gray Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

NBM

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20/6

20 June 1989

Dear Paul,

THE COMMUNITY CHARGE: MINISTERIAL RESIDENCES

I wrote to you a little while ago about the treatment of the Prime Minister's residences for community charge purposes.

The Rating and Government Property Department have written to the Private Secretaries of other Ministers provided with official accommodation explaining some of the considerations applying to registration for the community charge. I attach an example of their letter. Those Ministers will also have received a copy of a letter which Mr Gummer sent to all Ministers giving general guidance on the treatment of second homes. A copy of this is also attached.

The purpose of this letter is to offer further guidance to Ministers of the Crown with official residences.

It is for the Community Charges Registration Officer (CCRO) of an authority rather than the Minister to determine main residence and thus the authority to which the personal community charge will be paid. The determination of main residence will therefore be dealt with on a case by case basis and CCROs will take a number of factors into account in considering where the personal charge should be.

These could include where the individual concerned spends most of his time, where his family spends most of their time and where their children, if any, go to school. The CCRO's decision will therefore reflect individual circumstances.

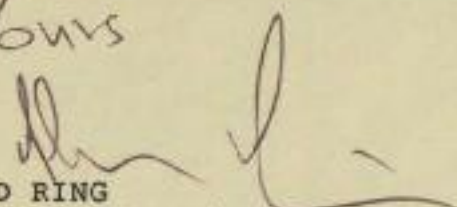
As Mr Gummer's letter suggests, the nature of Ministerial responsibilities may make it more likely that a Minister's London address will be held to be his main home. But individual circumstances may vary and not all Ministers will necessarily find themselves in the same position. There is some fear that there is a read-across to "main home" in a CGT context - but this is totally misleading.

The CCRO will determine the main home of a Minister's spouse or adult dependents separately in relation to their personal circumstances. There need not necessarily be any consistency in the registration of a Minister's family since that depends on how family members decide to order their arrangements.

If a Minister's official accommodation is held to be his main home that is where he will pay the personal community charge. If his constituency home is held to be his main home then a standard charge will be payable on the official accommodation. Where such accommodation is Crown property it is exempt from the standard charge but it has been agreed that a payment in lieu of the charge, payable by the occupying Department, should be paid to the relevant local authority.

An extract of the community charges register for each local authority area may be inspected by any community chargepayer for that area. The extract will be confined to names and addresses of persons liable to a community charge. Ministers (and any other chargepayer) subject to the possibility of physical danger if their whereabouts become known may apply to the CCRO to have their names excluded.

I am sending copies of this letter to Jonathan Taylor (Treasury), John Colston (Defence), Richard Gozney (FCO), Peter Storr (Home Office), John Tanner (Lord Chancellor's Department), Steve Pope (Northern Ireland Office), Michael Sanders (Attorney General's Office), Trevor Woolley (Cabinet Office) and Mr J E J Donavan (Rating of Government Property Department).

Yours

A D RING
Private Secretary



Minister for Local Government

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone

12 June 1989

THE COMMUNITY CHARGE AND SECOND HOMES

I thought you might like a short note on the way you may be affected by the community charge, particularly as regards second homes.

If you have one home you will pay the personal community charge there. Those with more than one home will pay the personal community charge at their main home and will then pay a standard community charge where they have another home, provided that no-one uses that other residence as their main home.

It is not up to individuals to decide which of their residences is their main one. That is the responsibility of the Community Charges Registration Officer (CCRO). Ministers will wish to provide the CCRO with the information that will be necessary for this decision to be properly made. I am therefore recommending that you write a note which expresses clearly your particular circumstances and send it to the CCROs concerned so they will be able to decide properly your liability for the community charge.

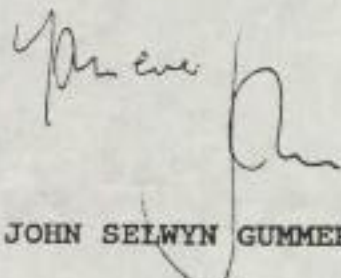
Ministers are, of course, in the same position as all other Members of Parliament, except that the nature of Ministerial responsibilities may make it more likely that their London address will be held to be their main home. Even so, Ministers' personal situations will vary considerably. There will be some whose wives are clearly resident at the constituency home where their children go to school and who only visit London from time to time. They themselves, however, may come to London on Sunday nights and spend most of the week here except for holiday periods. Others will



Letter 5011: Ryley
B12

have grown-up children or elderly relatives living at one or other of their homes. Whatever the circumstances the important fact is that it is the CCRO who makes the decision, not the Minister. That means that when registration is complete not all Ministers will find themselves in precisely the same position.

If you have any concerns and would like a word with me do please telephone my office on 276 3190.



JOHN SELWYN GUMMER

Definitions

Personal Community Charge - The usual Community Charge levied by local councils.

Standard Community Charge - The charge levied on second homes which can be up to twice the personal community charge. This is not affected by the number of people using the house as a second home. However if anyone is registered at an address for the personal community charge, no standard community charge is payable.

CCRO - Community Charge Registration Officer - the local official responsible for producing and updating the community charge register.

The Baroness Trumpington



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CEPH

Y GWYDDFA GYMREIG

GWYDYR HOUSE

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Tel. 01-270 3000 (Switsfwrdd)
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Oddi wrth Ysgrifennydd Gwladol Cymru



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From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

20 June 1989

Dear Secretary of State

STANDARD COMMUNITY CHARGE

Malcolm Rifkind copied to me his letter to you of 8 June.

at final

I sympathise with the difficulties which Malcolm is having in this area and I certainly have no objection to proposals which would bring the operation of the standard charge in Scotland more into line with the way in which it will work in Wales and England. But the proposals in his paper go further than that. I could not agree to his simply taking a power to prescribe the multiplier up to a maximum of 2, as proposed in paragraph 8.1 of his paper. I do not see how this would do anything to ease the pressures on Malcolm (indeed, it would increase them) unless at the same time he were to give a commitment to use it to set a maximum of one and it has already been agreed in our correspondence earlier this year that this would cause unacceptable difficulties for both of us.

I suggest that it would be better for Malcolm to allow greater flexibility in the operation of the charge by introducing more classes in the way our system does. He could at the same time take a power akin to ours to prescribe maximum multipliers in each case, but it would have to be made plain that there was no intention of using this to set an across-the-board level of a maximum of one.

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

/The experience

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The experience with local authorities in Wales in relation to the standard charge suggests that a large factor in their decisions on the levels of the multipliers will be the assumptions which I will build into the Revenue Support Grant settlement. Malcolm assumed the maximum multiplier in his Settlement. Of course this is a matter for his judgement, but I wonder if he would find it helpful in dealing with criticism if he were to announce that he will equalise on the basis of a lower assumed multiplier next year.

/ I am copying this letter to other members of E(LF).

Yours sincerely

Keith Jarvis

Approved by the Secretary of State
and signed in his absence

Lean Cove: R. 12
R. 12



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apu

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 June 1989

Dear Roger,

UNIFORM BUSINESS RATE AND REVALUATION:
TRANSITIONAL ARRANGEMENTS

The Prime Minister was grateful for your Secretary of State's minute of 7 June. She has also seen the subsequent comments of the Secretary of State for Wales, the Chief Secretary and the Chancellor of the Duchy of Lancaster.

The Prime Minister has noted the differences of view between your Secretary of State and the Chief Secretary. The Prime Minister therefore proposes that the issue should be discussed at one of the forthcoming meetings of E(LF) in early July.

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

Pa
Paul

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

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6



Minister for Local Government

Department of the Environment
2 Marsham Street
London SW1P 3EB

01-276 3190

Telephone

Ref: G/PSO/20287/89

Dear Andrew

19 June 1989

PRIME MINISTER'S MEETING WITH JOHN LEE ESQ MP -
THURSDAY 22 JUNE: RATE REFORM IN PENDLE

Thank you for your letter of 9 June. I attach briefing for the
Prime Minister's meeting as follows:

Flag A - Rate reform in Pendle;

Flag B - General bull points on the community charge and
uniform business rate.

Yours sincerely

Trevor Beattie

TREVOR BEATTIE
Private Secretary

Andrew Turnbull Esq
PS/Prime Minister

RATE REFORM IN PENDLE

(based on 1988/89 local authority expenditure)

Community Charge

- in 1988/89 the full community charge in Pendle, with no safety net, would have been £253 - just above the national average of £246 and well above the level needed to provide a standard level of services (£202).
- this figure reflects a budgeted overspend of £18 per adult by Lancashire County Council and £33 per adult by Pendle Borough Council.
- the full charge would have been higher than the average rate bill per adult in the district - £153. So the average two adult household would have been worse off; but many one adult households would have gained.
- in the early years of the new system, the residents of Pendle will be protected by a safety net. The community charge with full safety net would be £161. The safety net will give the local authorities in the area four years to reduce their spending to a more acceptable level.

Local Income Tax

- in 1988/89, a local income tax would have led to higher bills for many people on modest incomes in the district. The local income tax rate equivalent to a community charge of £253 is 6.6p in the pound.
- at that rate, a single person earning £11,000 (about national average earnings) would have paid a local income tax bill of up to £554; and a single, newly-qualified nurse (earning about £9,000 after the pay review) would have paid up to £351.

Business Rates

- a move to a national uniform business rate in 1988/89 would have resulted in a cut of 16.1% in business rate bills in Pendle (current poundage of 285.5p; uniform business rate poundage of 239.5p).
- in total, businesses in Pendle would have gained by £1.3 million. The uniform business rate will clearly be very good news for businesses and jobs in Pendle.
- and in future, businesses will have a guarantee that their rate poundages will rise each year by no more - possibly less - than the rate of inflation. This should be compared with the 17% increase in Pendle between 1987/88 and 1988/89.

COMMUNITY CHARGE ILLUSTRATIVE FIGURES FOR PENDLE

(Based on 1988/89 local authority expenditure)

	Expenditure per adult	Assessed level of need per adult	Overspend per adult	Overspend at taxpayer level	Community charge for spending at assessed level of need	Full un-safety netted community charge	1st year safety netted community charge	Average rate bill per adult	Local income tax rate
LANCASHIRE COUNTY COUNCIL	£647	£629	£18	-	-	-	-	-	-
PENDLE	£113	£80	£33	£51	£202	£253	£161	£153	6.6%

NON-DOMESTIC RATES AND UNIFORM BUSINESS RATE

	1987/88 poundage	1988/89 poundage	Increase 1987/88 to 1988/89	Uniform rate poundage	Increase 1988/89 to uniform rate poundage	Benefit of uniform business rate
PENDLE	244.5p	285.5p	17%	239.5p	-16.1%	£1.3m

RATES REFORM: GENERAL BULL POINTS

The Local Government Finance Act received Royal Assent on 29 July 1988. The new system of local government finance comes into force on 1 April 1990.

COMMUNITY CHARGE

Accountability

- Out of an adult population of 36 million in England, only 18 million are liable to pay domestic rates.
- The community charge will spread the burden of payment more widely, giving voters a direct financial stake in the decisions of their Councils. The community charge will act as a ready reckoner enabling voters to assess the value for money of local services.

Fairness

- Domestic rates are unfair: property values bear little relation to people's ability to pay and even less to the use they make of local services. More than 40% of homes with above average rateable values are occupied by households with below average incomes.
- How can it be fair for a single pensioner in the family home to pay the same rates bill as a family next door with 3 or 4 working adults?
- Many of the poorest will benefit from abolishing a property tax. 4 out of 5 single pensioner households and 9 out of 10 one-parent families will pay less with the community charge than with rates.
- The charge will relate precisely to ability to pay where it matters most. Those on low incomes will receive assistance in paying their contribution to the community charge by reductions of up to 80% in their charge according to their own circumstances, and there will be help for all those on income support to pay the minimum 20% charge.
- We estimate that 5 million adults will receive the maximum 80% rebate; and more than 4½ million will receive a rebate on a sliding scale up to 80%. Altogether 9½ million people, over one quarter of the adult population, will pay the community charge at reduced rates.
- The severely mentally handicapped; people who sleep rough and residents of short stay hostels; voluntary care workers; old people living in homes; those living in hospitals (such as the severely physically disabled) and prisons; monks and nuns, will be exempt.
- The list of exemptions was extended considerably in Parliament: that shows the Government's willingness to listen to constructive arguments and to make changes where appropriate. Altogether, approximately ½ million people will be exempt.
- Students will pay only 20% of the charge. Student nurses training under the existing arrangements will be treated in line with other salaried trainees and will not be entitled to the student relief. Nurses training in the future under the auspices of the more educationally lead Project 2000 will be granted the student relief.

Transition

- The community charge will mean the end of the unfair system whereby all ratepayers in areas of high rateable values subsidise all those in areas of low rateable values. Abrupt changes resulting between authorities in 1990 will be limited by a safety net. This will be phased out by 1994.

Labour Party accusation: no representation without taxation

- Right to vote will not depend on registration for, or payment of, the community charge.
- It will not be possible to avoid registration for the community charge by failing to register to vote.
- There will be separate registers compiled on a different basis for community charge and for electoral purposes.
- Sale of the register for commercial purposes will be prohibited.

Rich will pay same as poor

- Those on low incomes will be eligible for rebates and will have to pay only part of the charge down to a minimum 20%. Increases in income support, which will come into effect in April 1989, have been announced and include a once and for all adjustment to meet the minimum 20% contribution. The adjustment made is well in excess of the national average community charge based on the level of community charge which would have been sufficient to replace domestic rates in the year 1989/90.
- Half of local services are funded from national taxation. The highest paid 10% of households will pay around 15 times as much towards the cost of local services as the lowest paid 10%.
- National redistribution of income is a job for the Chancellor.

Alternatives

- Labour Party policy is apparently the retention of rates, based on home prices, together with a Local Income Tax. Two taxes in place of one.
- The Labour Party has not produced figures to show the effects of its proposal, and has not given sufficient details to allow others to calculate the likely results. But the value of a house is often poorly related to the income of the owner or tenant. So such a system would frequently not reflect ability to pay.
- The SLD favour replacing domestic rates entirely with a Local Income Tax. LIT would mean higher and higher taxes on income, in direct opposition to the Government's efforts to reduce income tax. High spending areas would soon find those on higher incomes moving elsewhere to avoid the high local income tax, creating a brain drain that would only exacerbate the problems of inner city areas.
- And LIT is bad for accountability. Out of 36 million adults in England, only 20 million pay income tax (compared with 18 million who pay rates). Only the community charge can restore local accountability.

IMPLEMENTATION

Cost of Implementation

- Disparity between estimates led to commissioning of Price Waterhouse to study both preparation and collection costs. Cost of collection will double reflecting two fold increase in people liable to pay. PW's estimate of cost of preparation (£99-£120m) not far from Government's initial estimate (£70m-£90m).
- It will cost more to collect the community charge but that is not suprising as there will be more than twice as many chargepayers as ratepayers. Costs per payer should not be any higher on the PW estimates.
- The Secretary of State announced on 7 July 1988 proposals for including £110m for preparation costs in the provision for the 1989/90 RSG Settlement, a figure in line with the Price Waterhouse findings and with the local authority association own figure. The Secretary of State subsequently announced on 21 October 1988 that half this provision will be met through specific grant. Individual charging authorities have been advised of their share of that £55m specific grant. The remaining half of the expenditure will be supported in the normal way through RSG.
- An initial capital allocation totalling £25 million has been made 1988/89 to all charging authorities in England pro rata to adult population. The Secretary of State also announced on 21 October 1988 that a more substantial allocation of £135m for 1989/90 when the bulk of capital expenditure will be incurred. Charging authorities were notified on 16 December 1988 of their share of the £135m.
- The cost of collecting the community charge will be taken account of in grant settlements for 1990/91 onwards, the level at which this support needs to be given will be considered in the light of the figures provided by Price Waterhouse.

Guidance to Local Authorities

- The Department is aware of the need for guidance to local authorities on the implementation of the community charge. DOE is working with the local authority associations to prepare a series of Practice Notes on key implementation issues.

Registration

- The Register will be compiled by 1 December 1989 by the community charges registration officer (CCRO) in each charging authority.
- CCROs will be able to impose civil penalties where individuals refuse to provide the information needed for registration or deliberately give false information. The initial penalty will be £50. Repeated refusal to supply information or correct information will attract a penalty of £200.
- The register itself will not be available for public inspection but an extract showing only names and addresses will.
- People who are in danger of physical violence will have the opportunity to have their names and addresses excluded from the extract.
- CCROs will not have access to national data sources such as Inland Revenue. They will have access to a great deal of existing information held by local authorities, eg, rating lists, council house tenants' lists, but not sensitive information such as police files.

- There is no conflict between the Local Government Finance Act 1988 and the Data Protection Act 1984. DOE have issued a set of guidelines on the data protection implications of community charge in conjunction with the Data Protection Registrar and local authority associations. (Practice Note No.4)

Billing and Collection

- Liability to pay the community charge will be on a daily basis: individuals are more prone to changes in circumstances than property, not only do they move house but their liability may change during the year - eg because they become or cease to be exempt from the personal charge.
- Each individual will have their own community charge bill showing the cost of local services. This includes couples who are joint and severally liable. The person completing the registration form will not however otherwise be responsible for seeing that eligible people who are included in the form pay their charges.
- Everyone will be entitled to make payment by 10 equal instalments. It will be open to authorities to make alternative arrangements and they will be able to offer incentives to chargepayers to meeting liability in a single lump sum.

Recovery

- Arrears will be dealt with in much the same way as under the existing rate system. In most cases, the authority will be able to come to an arrangement with someone who has fallen behind with their instalments.
- Where they are unable to do so, the authority will be able to take recovery action through the courts and recover the debt through distress (as at present) or by attachment of earnings or deductions from benefit (a new provision).
- Imprisonment will be retained for the small number of cases (around 400 a year at present) where the courts are satisfied that the person could have paid but refused, that is where there is "wilful refusal or culpable neglect".

THE UNIFORM BUSINESS RATE AND NON-DOMESTIC REVALUATION

- The UBR is a key element in the new local government finance system, enabling authorities to be made properly accountable to their electors through the community charge. There will also be major benefits for businesses: cuts in excessive rates in high-spending areas, and stability in rate bills everywhere.
- Business rates are a bad locally variable tax, since authorities are not accountable to business: they encourage high spending, and distort business decisions on where to locate.
- The UBR will be set in 1990 to raise broadly the same revenue from private sector businesses and the nationalised industries in real terms as in 1989/90. Thereafter, increases will be limited to no more than the rate of inflation and possibly less.
- On 1988/89 figures, introduction of the UBR alone would cause business rates to fall in most parts of the North: by 31% in Sheffield, 28% in Bradford, 27% in Manchester and 26% in Liverpool. Every met district but one (Solihull) and every district in the North but one, gain.
- Businesses in the 57 designated Inner Urban Areas would enjoy a £350m (12%) drop in rates from the UBR with further gains from revaluation. Business rates in shire counties would also fall by about 5%.
- Taken together, the UBR and revaluation will reduce rate bills in the North and Midlands by some £850 million a year. Factories will tend to gain, more buoyant sectors of the economy, especially shops are likely to face increases. But these have already benefitted from the delay in revaluation since 1973.
- Revaluation is essential to reflect changes in relative values since 1973. But there will be no increases in the overall rate burden: on business. What matters to an individual firm is not the increase in its rateable value but how it has changed relative to the average for all firms.
- Transitional arrangements will help smooth the changes resulting from UBR and revaluation combined. Proposed that there will be a ceiling of 20% in real terms on the percentage increase in rates properties generally can face in one year, with a lower ceiling of 15% for small businesses with new rateable values below £7,500 in London and £5,000 elsewhere. Reductions will, similarly, be phased.
- The system of local consultation between authorities and businesses will be retained, and reconstructed to focus on levels of service to business.
- Charities will benefit from 80% mandatory relief, and local authorities will have discretion to give relief for the remaining 20%.

Labour's Alternative

- Labour's proposals amount to going ahead with revaluation but keeping the present business rating system.
- Under Labour's proposals businesses in the North and Midlands would be over £400m a year worse off than under the Government's proposals.
- Labour's rate rebate scheme for small businesses would have local authorities carrying out a means test on all small businesses. It would be an attack on commercial confidentiality, and difficult and expensive to administer.

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PAUL GRAY

19 June 1989

cc: Richard Wilson

COMMUNITY CHARGE AND LOCAL AUTHORITY GRANT SETTLEMENT

Each one percentage point on the RPI between September '89 and September '90 will increase public expenditure on social security benefits by £485 million in 1991/2. (PE White Paper, Table 15.17). A £10 change in Community Charge would cost/save about £45 million in rebates.

Thus:

- the offsetting public expenditure cost of average charge at 320 instead of 300 would be £284 million. Plus the problem of an extra 0.4 on the RPI;
- the offsetting public expenditure saving of average charge at 280 instead of 300 would be £235 million. Plus the benefit of 0.3 less on the RPI.

The Treasury's rule of thumb (for John Major's briefing) seems to be a public expenditure saving of 100 for every 200 of extra grant aimed at keeping down average CC. But I imagine there are other, unquantifiable benefits of keeping the RPI lower than it would otherwise be.

This arithmetic seems not without significance in the light of this morning's discussion with the Prime Minister, and I hope it can be reflected in her E(LF) brief.

John Mills
JOHN MILLS

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PRIME MINISTER

UNIFORM BUSINESS RATE AND REVALUATION:
TRANSITIONAL ARRANGEMENTS

There were various exchanges towards the end of last year about the detailed transitional arrangements for the uniform business rate. Key conclusions, on which DOE have been out to consultation, were:

- the transitional protection/costs for losers and gainers should be self-balancing. You were very keen on this principle;
- no-one should face an increase in rates of more than 20 per cent in real terms in 1990/91, or 15 per cent where the rateable value was below £7,500 in London and £5,000 elsewhere. These limits would apply in each year up to 1994/95;
- the precise matching figures for gainers were left imprecise; it was thought likely to be a maximum reduction of 10 per cent a year in real terms (15 per cent for small properties);
- all of these transitional arrangements would apply only to existing properties.

The consultation exercise is now complete. Nick Ridley ~~is~~ minute at Flag A ~~reports on the results, and~~ seeks agreement to a number of changes in the package:

- ✓ (i) to retain the limits on rate bill increases of 20 per cent a year for large properties and 15 per cent for small ones;
- (ii) but to increase the threshold for small properties to £15,000 rateable value in London and £10,000 elsewhere. This would bring some 78 per cent of properties in England below the thresholds;
- ✓ (iii) rather than limiting protection to existing properties, to tighten this limitation to existing occupiers;

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- (iv) to abandon the idea of a self-balancing package. Instead of the gainers having to wait through the transitional period they would get their reductions straightaway; except that, in 1990/91, there would be a 20 per cent limit on rate reductions in real terms for gainers. But the protection to losers would then have to be financed by a premium on the poundage. The precise premium would be decided in the light of new survey information from the Inland Revenue; but would be of the order of 10-12 per cent in the first year.

Nick Ridley seeks agreement to announcing these revised conclusions in July.

Peter Walker ~~(Flag B)~~ proposes parallel changes in Wales.

John Major ~~(Flag C)~~ is unhappy with this revised approach. He agrees with points (i) and (iii), but disagrees on the other points:

- (ii) he wants to limit the increased thresholds to £10,000 in London and £7,500 elsewhere; he estimates this would cover 70 per cent of properties in England and 80 per cent in Wales;
- (iv) he wants to maintain the principle agreed last year that the phasing for the losers should be matched by phasing for the gainers.

Tony Newton has also commented ~~(Flag D)~~. His only concern is

- (iii) where he raises worries - not very strongly expressed - that removing transitional relief from a property on a change of occupant could distort the normal turnover of commercial property.

John Mills in the Policy Unit has provided an assessment at Flag E. He recommends a compromise:

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- 3 -

- resist Tony Newton's objection to tightening up the transition of protection to existing occupiers rather than properties;
- support John Major on point (iv), and retain the original principle that there should be a balanced package of losers and gainers. He points out that Nick Ridley's new approach would increase the number of losers because the premium would hit a lot of properties in the middle range;
- on the small business threshold (point (ii)) support the Ridley/Walker proposal to double the figures to £15/10,000.

Since no announcement is necessary until July I think you have two main options on handling. If you think the issue should be debated in a collective forum, you could ask for these papers to be added to the agenda for the forthcoming series of E(CF) meetings, e.g. we have meetings pencilled in for 6 July and 11 July. Alternatively, you may want to set out your views on the points at issue and hope that other colleagues will then concur without the need for a meeting. My impression is, however, that both Nick Ridley and John Major feel strongly.

Conclusion

- (i) Do you want to remit the issue to E(LF)? y/co m
Or
- (ii) Do you want to support John Mills' compromise package at Flag E?
Or
- (iii) Do you favour any alternative package?

Phc6.

PAUL GRAY

16 June 1989

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PA
AUL GRAY

16 June 1989

TRANSITION TO COMMUNITY CHARGE: IMPACT ON RPI IN APRIL 1990

At her meeting on 25 May to discuss next year's local authority grant settlement, the Prime Minister emphasised the importance of ensuring that the basis on which the Community Charge was included in the RPI was technically correct and did not give rise to any overstatement of the index.

I have prepared the attached note on this. I have cleared it with D.Em statisticians. You may care to draw it to the Prime Minister's attention for next week's briefing meeting.

The importance of as low an average charge as possible is self-evident. At £300, the impact on the RPI next April will be the same (0.4) as a 10% average increase in rates. (This year's rates increase was 9.6%).

You will recall that the current estimated range for average community charge based on the grant settlement coming forward to E(LF) is £285-310. This would represent 0.3-0.7 on the RPI. But if the average charge crept up to £320, which is certainly an entirely plausible outcome, it would equate to an 18% increase in rates and put almost a whole percentage point on next April's index.

As you know, the methodology regarding the treatment of Community Charge in the RPI has been agreed by the RPI Advisory Committee, accepted by Ministers and published. Transitions are always difficult, but I am concerned that there is no way of offsetting the "inflationary" impact

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by reference to the benefits of the Community Charge for many people, especially pensioners. The 1986 Green Paper emphasised that 85% of pensioner households would benefit. There must be a danger of this getting lost amid accusations of the Government stoking inflation.

The attached chart from 'Public Finance and Accountancy' illustrates the extent to which there are as many, if not more gainers as losers. (Note how the gainers are concentrated in the high rate areas of the South East).

Nor will the RPI reflect in any way the impact of Community Charge rebates. Average household expenditure on the Charge for index purposes will be calculated without reference to rebate. Yet the Government has been at pains to emphasise that up to one in four people could benefit from rebates, which will be distinctly more generous than rate rebates.

CONCLUSION

There is a distinct probability that it will be possible for critics to characterise the Community Charge next April as "inflationary" because of the way it will be measured by the RPI. It is evident that the RPI will not be able to reflect the reduction in costs which many people, especially pensioners, will experience.

I doubt it is possible for the methodology to be reopened at this stage and the only way forward is therefore

- to ensure that the average charge is as low as possible (and certainly not higher than £300);
- forceful publicity of the beneficial impact on groups such as pensioners.

John Mills

JOHN MILLS

CONFIDENTIAL

TRANSITION TO COMMUNITY CHARGE: EFFECTS ON RPI, APRIL 1990

The transition methodology agreed by the RPI Advisory Committee and accepted by Ministers is to compare average rates per index household this year with average community charge next year. Index households exclude the top 4% income bracket and those pensioners mainly dependent on state benefits, thus accentuating slightly the impact on measured inflation since both groups gain from the introduction of the charge.

On this methodology the RPI effects in April 1990, for various levels of average community charge, will be as follows:

<u>Average rates</u> <u>per index household</u> <u>1989/90</u>	<u>Average CC%</u> <u>per adult</u> <u>in E & W</u> <u>in 1990-91*</u>	<u>% increase in RPI</u>	
		<u>Rates</u> <u>& CC</u>	<u>All</u> <u>items</u>
502	280	4	0.2
	300	11	0.5
	320	19	0.9
	340	26	1.2

* (multiplied by 1.8 to get average per index household)

With average CC at £300 the RPI impact would be similar to that in April 1989 (9.6% on rates/CC, 0.4% on all items) but as the average moves above £300 the impact looks increasingly politically sensitive.

The above assumes, realistically, that the weight for rates/CC in the RPI will increase slightly from the present 45 parts per thousand.

A legitimate criticism of the transition methodology is that it fails to pick up the benefits of the change to CC

for some people, especially single pensioners. The 1986 Green Paper on paying for local government estimated that 85 per cent of pensioner households would gain from the CC, some quite substantially, and that there would be a broad overall balance between gainers and losers, yet the CC may well be characterised next April as seriously "inflationary".

This analysis underlines the crucial need to ensure that the average CC figure is kept as low as possible, and certainly not higher than about £300.

CONFIDENTIAL

PAUL GRAY

15 June 1989

UNIFORM BUSINESS RATE: TRANSITIONAL ARRANGEMENTS

There are two issues to be resolved:

- (1) Should the treatment of gainers be changed to feed through the benefits of gains more quickly; and, if so, should this be financed by a premium on the business rate poundage (4p in year 1 reducing to 1p in years 4 and 5)?
- (2) Should the small business threshold be changed to increase the number of properties given added protection from large increases?

Treatment of Gainers

I believe John Major's instincts on this are correct.

The issue is not simply gainers v. losers. The big losers' protection remains unchanged. The issue is benefit for big gainers v. those currently in the middle (small gains or losses, or broadly neutral outcomes). All in the middle would lose out from greater benefit for big gainers.

Overall, the year 1 impact would be as follows:

	<u>Gainers in first year</u>	<u>Losers in first year</u>
Current proposal (on which Nick Ridley has consulted) (England and Wales)	40%	53%
Ridley's revised proposal (England)	32%	61%
Walker's revised proposal (Wales)	26%	68%

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The revised proposals thus increase the number of losers.
John Major estimates that broadly:

100,000 properties now standing to gain a little would stand still -

100,000 properties now reckoning to stand still will lose a bit.

Furthermore:

- to achieve this, a real increase in business rates of about 10 per cent in year 1 will be necessary, thus compromising in the eyes of the business community all the Government's assurances on no further real increase.

These effects look exactly like the additional complications (E(LP) last year was anxious to avoid.

Gainers' resentment at having their gains deferred is a real concern, but it can surely be countered by looking forward to their gains. Those in the middle who would lose from a premium would have nothing like this to look forward to, and which the Government could point to in order to deflect criticism.

There is a further point in the Treasury's mind, which they have kept in reserve. A premium on poundage would have direct implications for public expenditure through the Crown contribution to NNDR in lieu of rates on Crown property (CILOR). CILOR is currently about £600m and the Treasury estimate that Nick Ridley's proposal would increase it by £100m. This would be offset by lower revenue support grant.

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But ~~it~~ would still mean an increase in the New Planning Total and GGE, because payments of CILOR are scored twice: once as part of departmental running costs and once as part of the NNDR payment to local authorities.

For this reason alone, I would expect John Major to seek an E(LF) discussion if the general inclination was to go down the premium route. But this is secondary to the telling points in paragraph 3 of his minute against a premium.

Small business threshold

Here Nick Ridley is on stronger ground. What is at stake - capping annual increases at 15% rather than 20% - is fairly marginal in cash terms. But the issue is of great presentational importance. The small business lobby has pressed hard for a substantial increase in the threshold and to accept this would show the Government's readiness to respond positively to the consultation process.

I do not think John Major's concern to avoid special treatment for branches of big businesses is too important. Denying the benefit to a High Street building society branch would mean denying it too to the owner-occupied shops next door.

Treasury officials are fairly certain that John Major would not press his modest difference of view on this if the premiums on poundage issue was resolved in his favour. There is therefore scope for a compromise solution between DOE and the Treasury.

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Other Issues

There is no dispute on Nick Ridley's proposal to keep the caps on increases at 20 per cent (large properties) and 15 per cent (small ones).

✓ Tony Newton has commented unfavourably on the proposal to limit transitional protection to existing occupiers of properties. He thinks it could distort the normal turnover of commercial property and create hardship if existing occupiers giving up leases found their leases reduced in value. But against this, the purpose of transitional protection is to help existing occupiers pay increased bills, and it seems to stretch a point too far to put a further constraint on gainers' gains by regard to such relatively marginal considerations.

RECOMMENDATIONS

I recommend that the Prime Minister:

✓ op treatment for gainers:

✓ endorses John Major's arguments against changing the basis of funding losers' protection, because:-

- of the decision in E(LF)(88)3rd that it was an added complication to be avoided if at all possible;
- it would actually increase the pool of losers next year;
- it would appear to mean a real increase in the business rate poundage which would be very hard to defend, given the Government's repeated commitments against further real increases. (The fact that the real increase was temporary would, in practice, be lost sight of);

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- the broad principles of a transition which caps gains and losses in broadly equal measure, and matches the phasing for losers with phasing for gainers, are readily understood and reasonably defensible against criticism from those whose benefits are deferred.

on the small business threshold

✓ endorses Nick Ridley's view that it should be doubled to £15,000 RV (London) and £10,000 RV (elsewhere).

- to meet the pressure from the small business lobby
- as clear evidence of the Government's responsiveness to the consultation process.

on limiting protection to existing occupiers

✓ endorses, on balance, Nick Ridley's proposal to limit protection.

- being mindful of possible distortion in the commercial property market
- but recognising that the purpose of the transition is basically to protect existing occupiers and that the impact of gains should not be dissipated any more than strictly necessary.

John Mills
JOHN MILLS

CONFIDENTIAL

YOU

AND THE

COMMUNITY

CHARGE:

SECOND HOMES



DEPARTMENT OF THE ENVIRONMENT

INTRODUCTION

This leaflet explains how the new community charge system will affect you if you have more than one home.

From 1 April 1990 domestic rates will be replaced by the community charge (sometimes wrongly called the "poll tax"). This will be a new way of helping to pay for the services which your local council provides. Each council will set the level of community charge for its own area, after allowing for help with its spending from Government grants and business rates. Almost all adults will pay a community charge.

If you have one home, you will pay the *personal* community charge for the area in which you live. But you may have more than one home. If so, you will pay the personal community charge for the area where you have your main residence. And you will pay a *standard* community charge for the area where you have your other home, provided no one else uses it as their only residence or main residence.

The other home may be a place where you live from time to time as well as at your main home. Or it may be a holiday cottage or a future retirement home, which other people may use for some of the year. Throughout the rest of this leaflet, the phrase "second home" includes all these kinds. The phrase "second home" also applies if you have more than two homes.

The standard charge will help pay for the cost of local authority services in the area of your second home. Many local services, such as the fire service, the police and roads are needed whether a house is used as a main residence or not.

The rest of this leaflet explains how the standard charge will work in practice. If you still have questions after you have read it, please write to FLT Division, Room N6/20, Department of the Environment, 2 Marsham Street, London SW1P 3EB.

HOW MUCH WILL THE STANDARD CHARGE BE? ●

Each district or borough council will be free to set the standard community charge for its own area. It will be linked to the level of the personal community charge for the area concerned. Your council can charge up to twice the amount of its personal community charge to second home owners. It cannot charge more but it could charge less.

Will rebates be available on the standard charge?

No.

Who will set the standard charge?

Your local council will decide the charge. It cannot ask more than twice the personal community charge and it must charge the same for all property of the same type in its area. In certain special cases, the Government has laid down particular rules.

How will the different types of property be decided?

The Government has decided them. Most properties fall within a general class of domestic property that is not normally used as a main residence.

What about empty property?

If you have domestic property that is empty for up to 3 months, you will not pay a standard charge. This would include the case, for example, where you have moved house but have not yet sold your old one. You may pay a standard charge if the house continues to be unoccupied after 3 months. This is on the same lines as the rating of unoccupied homes now.

Unoccupied properties which need structural repair work before they can be lived in will not incur a charge. No standard community charge will be payable in such cases until 6 months after the necessary structural repairs have been completed.

Your home may become empty because you go to live in a residential care home or hospital. You will therefore become exempt from the personal community charge and your home will remain free from a standard charge for at least 12 months after you leave it. Local authorities will be able to allow a longer period for such homes in their area, if they want to.

Other classes have been made, and will be made, for special types of

home. If you want to find out more about these your council will be able to tell you.

Who decides which is my main residence?

The Community Charge Registration Officers for the areas where you have your homes will decide.

Each local council will appoint a Registration Officer. He or she will draw up a list of all adults who will have to pay the community charge. This will include people who have to pay both the personal and the standard charge. The Registration Officer will send an inquiry form to each address in his or her area, asking for some straightforward information. When you fill in the form, you will be able to say whether you consider the address concerned is your main residence or not. The Registration Officers for the areas in which you have homes will decide which is your main residence and which your second home. You can appeal if you disagree with them. You can get a separate free leaflet on the appeals system from the address at the end of this leaflet.

Does the standard charge affect where I am registered to vote?

No. The electoral register is quite separate from the community charge register. If you have two homes in different areas, you may

be registered to vote in the areas of both homes, or in only one. The fact that you are registered to vote in an area does not mean you will automatically be registered there for the personal community charge.

Who pays what if someone else uses my second home?

This will depend. There are different rules for different circumstances.

If the home is *someone else's* sole or main residence, all adults living in it will pay a personal community charge. *You* will not have to pay any charge. You will only pay the personal community charge at your own main residence.

For example, you may live in a town during the week and your parents may live in your second home in the country, where you go at weekends. The Registration Officer for the town will probably decide that you should pay the personal community charge at your town home. The Registration Officer in the country area will probably decide that your parents should pay the personal community charge at the country home. If so, no standard charge would be payable by you or your parents.

Alternatively, you may own a home which is no one's only residence or main residence, but which someone else rents as a second home. If their tenancy was granted for 6 months or more, the standard charge will be

payable and your tenant will have to pay it. But if their tenancy was granted for less than 6 months (for example, the property is let on a monthly basis), you will have to pay the standard charge.

It follows that if you rent a home which is not your main residence, nor the main residence of anyone else, you will pay the standard charge if you have a tenancy of 6 months or more, but the owner will pay the standard charge if your tenancy is for less than 6 months.

Will the standard community charge apply to holiday caravans?

Most owners of holiday caravans will not pay the standard charge. Instead the site owner will pay business rates for the pitches where they stand.

If, however, you own a holiday caravan on a Protected Site, you will pay the standard charge. A Protected Site is one which provides permanent living facilities and which is covered by safeguards against eviction and harassment by the site owner.

If a caravan is your sole or main residence, however, you will pay the personal community charge

and not the standard charge. This applies whether the caravan is on a Protected Site or not.

What if I have already bought a new home but am having difficulty in selling my old one?

As explained above ('What about empty property?'), there will be a three-month period of grace for homes which are unoccupied and unfurnished. During this time you will not have to pay the personal or the standard community charge for the area where the empty house is. The local council may set a longer period for this class of homes if it wishes.

What happens if I let out a second home to holiday-makers for short periods?

Blocks and complexes of holiday-let self-catering accommodation will be subject to business rates. The Government is proposing, however, that individual properties, such as holiday cottages, should be treated in the same way as other second homes: i.e., that the standard community charge should be paid. A final decision on this will be taken shortly.

FURTHER INFORMATION

You can get a free booklet, called *You and the Community Charge: Your Step by Step Guide*. This describes the entire community charge system in outline.

You can also get free leaflets on the following aspects of the community charge:

—
You and the Community Charge: Exemptions

—
You and the Community Charge: Appeals

—
You and the Community Charge: Rebates

—
You and the Community Charge: The Collective Community Charge

—
You and the Community Charge: Students

Please see order form on back cover.

If you still have questions, the following free leaflets may help you. Tick the boxes you want, fill in your name and address and send the coupon to:
Community Charge Leaflets, PO Box 622, Bristol BS99 1TR.

- | | |
|--|--------------------------|
| Exemptions to the Community Charge | <input type="checkbox"/> |
| The Rebate Scheme | <input type="checkbox"/> |
| Students and the Community Charge | <input type="checkbox"/> |
| The Community Charge and Second Homes | <input type="checkbox"/> |
| The Collective Community Charge..... | <input type="checkbox"/> |
| The Appeal System | <input type="checkbox"/> |
| The Business Rate..... | <input type="checkbox"/> |
| <i>There is also a free booklet giving details on the whole of the community charge:</i> | |
| You and the Community Charge | <input type="checkbox"/> |

Name.....

Address.....

County..... Post Code.....

file

MR. CATFORD

CHEQUERS AND THE COMMUNITY CHARGE

Thank you for showing me the letter of 13 June from Mr. Stacey and the way in which he proposes to complete the registration form for the main house at Chequers.

I am concerned about the lack of information in the proposed completion of the form. It may be right for section 5 to be completed with an entry "none". But if so then as a minimum I think that the form should be supplemented by a letter to the Council - N.B: the declaration that 'the information given is complete'. The letters needs to cover the following points:

- explain that the house is available for the use of the Prime Minister of the day;
- indicate the Prime Minister's (and Mr. Thatcher's) present practice, i.e. they go to Chequers on average 'X' weekends a year, usually for two nights and sometimes for one night, plus some holiday periods;
- explain the position in relation to staff, i.e. how many and how often they stay in the house.

If this information is not provided, either on the form itself or in a covering letter, I do not see how the District Council will have sufficient information to assess whether or not the Trustees are liable to pay a standard charge. And an obscurely completed return could lead to unfavourable publicity for the Prime Minister. Moreover, ^{at} the end of the day it is for the Registration Officer (not the Trustees) to decide what the liability is; frankly, providing him with less than complete information is unlikely to serve the interests of the Trustees.

I have discussed all this with DOE, who agree with this approach. Indeed, John Gummer's Office is on the point of circulating guidance on the registration process to Ministers who have the benefit of official residences. This is unlikely to arrive before tomorrow, but DOE tell me my proposed approach is fully in line with the guidance.

One other thought. Might it not be sensible for the Secretary to the Trustees to make contact with his counterparts at Dorneywood and Chevening? It may be that circumstances between the houses vary and that different answers are therefore appropriate. But to the extent that consistency is appropriate, it would be sensible to make sure that this is being achieved.

File
PAUL GRAY

15 June 1989

LO3BIU

P.S. You may also care to see
the attached correspondence, just
received, concerning Rose being
in bed accommodation at Chevening

P.

The Rt. Hon. Tony Newton OBE, MP
Chancellor of the Duchy of Lancaster and
Minister of Trade and Industry

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

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET
Enquiries
01-215 5000

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line
Our ref
Your ref
Date

215 5147

15 June 1989

Jan Nick

file with PG

UNIFORM BUSINESS RATE AND REVALUATION: TRANSITIONAL ARRANGEMENTS

Thank you for sending me a copy of your minute of 7 June to the Prime Minister.

I am broadly content with your revised proposals. In particular, I agree that you should respond to the wish of a majority of those consulted by recovering most of the cost of the transitional arrangements through a premium on the UBR poundage; but that there should also be a "cap" on gains in the first year.

The one point that concerns me rather is your new proposal to remove transitional relief from a property on a change of occupant. This could well distort substantially the normal turnover of commercial property for several years; and could even lead to hardship where the present occupant was unable to carry on, and found the value of his lease sharply reduced because of the rate bill a new occupant would face. Subject to colleagues' views, I would be inclined to drop this refinement.

I am copying this letter to the Prime Minister, to members of E(LF), to John Wakeham, David Waddington and to Sir Robin Butler.

Newton
copy

TONY NEWTON

SB6ACC

From Tony Lloyd 12P

MAVEL

5/1



15/6

5/1

Pol. Off

To Jack Lomas. Boyd 17P.

HOUSE OF COMMONS
LONDON SW1A 0AA

15/6/89.

Thursday.

Dear Frank,

We spoke today about the effect of the Community charge safety net on Conservative seats.

I enclose a copy of a letter from the Library showing how Conservative constituencies are affected. The Times Quiet marginals are underlined.

I understand decisions on Government support levels are imminent.

May David Gilroy Bevan, John Whaler, Jeremy Handley and myself see the Prime Minister as soon as possible please?

Yours ever



STATISTICAL SECTION
HOUSE OF COMMONS LIBRARY
LONDON SW1A 0AA

direct line
01-219 4310

switchboard
01-219 3000

89/4/213N
RCC/EJM

9 May 1989

Dear Mr Favell

Community charge safety net

You asked about Conservative constituencies that will contribute to the community charge safety net.

I enclose a printout based on the 1988-89 community charge exemplifications. It includes every Conservative constituency in England, not because each of them contributes to the safety net, but because most do and some are made up of parts of two districts, some of which contribute to and some of which benefit from the safety net. The contributions are arranged by region with metropolitan and London seats marked.

I have not so far included the 1986-87 and 1987-88 based exemplifications. As you can see, there is a considerable amount of data involved in producing these figures and it is probably not very meaningful to compare the latest exemplifications with those for earlier years which were produced before the £75 maximum contribution to the safety net was announced and when residual rates were still envisaged for some areas. If you feel you still need these figures, please let me know although I should warn you that it may take some time to produce them.

I hope that this is of help.

Yours sincerely

Robert Clements

Tony Favell Esq MP
House of Commons
SW1A 0AA

Constituency	District	COMMUNITY CHARGE 1983-84		
		Safety net	No safety net	Contribution to safety net
BEDFORDSHIRE NORTH	North Bedfordshire	282	255	28
BEDFORDSHIRE SOUTH WEST	Mid Bedfordshire	279	252	27
	South Bedfordshire	329	273	56
LUTON NORTH	Luton	316	249	67
	Mid Bedfordshire	278	252	26
	South Bedfordshire	329	273	56
LUTON SOUTH	Luton	316	249	67
	South Bedfordshire	329	273	56
MID BEDFORDSHIRE	North Bedfordshire	283	255	28
	Mid Bedfordshire	278	252	26
EAST BERKSHIRE	Bracknell	247	172	75
	Windsor & Maidenhead	268	193	75
NEWBURY	Newbury	251	176	75
READING EAST	Reading	237	194	43
	Wokingham	283	208	75
READING WEST	Reading	237	194	43
	Newbury	251	176	75
SLUGH	Slough	242	178	64
WINDSOR & MAIDENHEAD	Windsor & Maidenhead	268	193	75
WOKINGHAM	Wokingham	283	208	75
AYLESBURY	Aylesbury Vale	277	218	59
	Chiltern	309	234	75
	Wycombe	307	232	75
SEALSFIELD	South Bucks	310	235	75
	Wycombe	307	232	75
SLINGHAM	Aylesbury Vale	277	218	59
	Milton Keynes	300	263	37
CHEHAM AND AMERSHAM	Chiltern	309	234	75
	Wycombe	307	232	75
MILTON KEYNES	Milton Keynes	300	263	37
WYCOMBE	Wycombe	307	232	75
SEALHILL & BATTLE	Rother	273	198	75
	Wealden	247	198	49
BRIGHTON KENYON	Brighton	256	202	54
BRIGHTON PAVILION	Brighton	256	202	54
EASTBOURNE	Eastbourne	268	193	75
	Wealden	247	198	49
HASTINGS & EVE	Hastings	230	194	36
	Rother	273	198	75
HOVE	Hove	265	192	73
LEWES	Lewes	269	196	73
	Wealden	247	198	49
WEALDEN	Wealden	247	198	49
BESILDON	Besildon	342	267	75
ELLERICKAY	Besildon	342	267	75
	Thurrock	327	295	32
BRAINTREE	Braintree	282	221	61
	Chelmsford	304	229	75
BRENTWOOD & CHERR	Brentwood	417	384	33
	Epping Forest	308	233	75
CASTLE POINT	Castle Point	309	234	75
CHELSFORD	Chelmsford	304	229	75

Constituency	District	COMMUNITY CHARGE 1998-99		
		Safety net	No safety net	Contribution to safety net
COLCHESTER NORTH	Colchester	255	217	38
	Tendring	283	226	57
COLCHESTER SOUTH & MALDON	Colchester	255	217	38
	Maldon	300	225	75
EPPING FOREST	Epping Forest	308	233	75
HARLOW	Epping Forest	308	233	75
	Harlow	377	374	3
HARWICH	Tendring	283	226	57
ROCHFORD	Chelmsford	304	229	75
	Rochford	299	224	75
SAFFRON WALDEN	Braintree	263	221	42
	Uttlesford	300	225	75
SOUTHEND EAST	Southend-on-Sea	302	227	75
SOUTHEND WEST	Southend-on-Sea	302	227	75
THURROCK	Thurrock	327	295	32
ALDERSHOT	Hart	291	216	75
	Rushmore	217	193	24
BASINGSTOKE	Basingstoke & Deane	239	178	61
EASTLEIGH	Eastleigh	241	188	53
	Southampton	200	189	11
FAREHAM	Fareham	261	195	66
	Winchester	256	194	62
GOSSPORT	Fareham	261	195	66
	Gosport	224	164	60
HAMPSHIRE EAST	East Hampshire	263	195	68
	Hart	291	216	75
HAMPSHIRE NORTH WEST	Basingstoke & Deane	239	178	61
	Test Valley	231	186	45
HAVANT	Havant	251	183	68
NEW FOREST	New Forest	240	194	46
PORTSMOUTH NORTH	Havant	251	183	68
	Portsmouth	195	195	0
PORTSMOUTH SOUTH	Portsmouth	195	195	0
ROSEY & WATERSIDE	New Forest	240	194	46
	Test Valley	231	186	45
SOUTHAMPTON ITCHEN	Southampton	200	189	11
SOUTHAMPTON TEST	Southampton	200	189	11
WINCHESTER	East Hampshire	263	195	68
	Winchester	256	194	62
STOWNE	Bromborne	303	243	60
	East Hertfordshire	314	246	68
	Welwyn Hatfield	358	282	76
HERTFORD & STORTFORD	East Hertfordshire	314	246	68
HERTFORDSHIRE NORTH	North Hertfordshire	327	252	75
HERTFORDSHIRE SOUTH WEST	Dacorum	322	247	75
	Three Rivers	354	259	95
HERTFORDSHIRE WEST	Dacorum	322	247	75
HERTSMERE	Hertsmere	332	257	75
	St Albans	335	260	75
STEVENAGE	East Hertfordshire	314	246	68
	North Hertfordshire	327	252	75
	Stevenage	350	261	89

Constituency	District	COMMUNITY CHARGE 1995-99		
		Safety net	No safety net	Contribution to safety net
ST. ALBANS	St Albans	335	260	75
WATFORD	St Albans	335	260	75
	Three Rivers	334	259	75
	Watford	318	255	63
WELWYN HATFIELD	St Albans	325	260	75
	Welwyn Hatfield	358	283	75
ISLE OF WIGHT	Neckin	221	225	-4
	South Wight	234	234	0
ASHFORD	Ashford	205	181	24
CANTERBURY	Canterbury	195	180	15
	Swale	176	181	-5
DARTFORD	Dartford	184	184	0
	Sevenoaks	220	181	39
DOVER	Dover	179	179	0
FAVERSHAM	Swale	176	181	-5
FOLKESTONE & HYTHE	Shepway	234	193	41
GILLINGHAM	Gillingham	121	172	-51
	Swale	176	181	-5
GRAVESEND	Gravesham	204	180	24
MALDEN	Malden	194	174	20
MEWSLEY	Rochester	175	157	18
	Malden	194	174	20
MID KENT	Rochester	175	157	18
	Sevenoaks	220	181	39
THAMES NORTH	Canterbury	195	180	15
	Thanet	207	182	25
THAMES SOUTH	Dover	179	179	0
	Thanet	207	182	25
TONBRIDGE & MALLING	Tonbridge & Malling	191	180	11
TONBRIDGE WELLS	Tonbridge Wells	203	180	23
WIMBORNE	Cherwell	268	239	29
	West Oxfordshire	261	243	18
WIMBORNE	South Oxfordshire	300	239	61
	Oxford	295	233	62
WIMBORNE	Vale of White Horse	293	231	62
	South Oxfordshire	300	239	61
WITNEY	Vale of White Horse	293	231	62
	Cherwell	268	239	29
WIMBORNE	West Oxfordshire	261	243	18
	Elnbridge	264	189	75
WIMBORNE	Runnymede	226	151	75
	Epsom & Ewell	295	229	66
WIMBORNE	Reigate & Banstead	300	225	75
	Elnbridge	264	189	75
WIMBORNE	Guildford	339	266	73
	Guildford	339	266	73
WIMBORNE	Waverley	285	210	75
	Guildford	339	266	73
WIMBORNE	Mole Valley	243	173	70
	Reigate & Banstead	300	225	75
WIMBORNE	Spelthorne	271	213	58
	Tandridge	276	205	71

Constituency	District	COMMUNITY CHARGE 1999-00		
		Safety net	No safety net	Contribution to safety net
SURREY NORTH WEST	Runnymede	226	151	75
	Surrey Heath	264	189	75
SURREY SOUTH WEST	Waverley	285	210	75
WOKING	Guildford	339	266	73
	Woking	247	172	75
ARUNDEL	Arun	245	184	61
CHICHESTER	Chichester	227	174	53
CRAWLEY	Crawley	239	260	-21
	Mid Sussex	250	180	70
HORSHAM	Horsham	237	180	57
MID SUSSEX	Mid Sussex	250	180	70
SHOREHAM	Adur	250	208	42
	Arun	245	184	61
WORTHING	Worthing	234	178	56
<u>CAMBRIDGE</u>	Cambridge	289	213	76
<u>CAMBRIDGESHIRE NORTH EAST</u>	East Cambridgeshire	203	196	7
	Fenland	206	208	-6
	Peterborough	244	231	13
CAMBRIDGESHIRE SOUTH EAST	East Cambridgeshire	203	196	7
	South Cambridgeshire	261	186	75
CAMBRIDGESHIRE SOUTH WEST	Cambridge	288	213	75
	Huntingdonshire	227	203	24
	South Cambridgeshire	261	186	75
HUNTINGDON	Huntingdonshire	227	203	24
	Peterborough	244	231	13
PETERBOROUGH	Peterborough	244	231	13
GREAT YARMOUTH	Great Yarmouth	197	193	4
NORFOLK MID	Breckland	186	173	13
	Broadland	211	179	32
NORFOLK NORTH	North Norfolk	188	174	14
NORFOLK NORTH WEST	Kings Lynn & West Norfolk	178	178	0
NORFOLK SOUTH	South Norfolk	212	178	34
NORFOLK SOUTH WEST	Breckland	186	173	13
	Kings Lynn & West Norfolk	178	178	0
NORWICH NORTH	Broadland	211	179	32
SUR. ST. EDMUNDS	Forest Heath	197	195	2
	St Edmundsbury	200	181	19
<u>IPSWICH</u>	Ipswich	238	213	25
<u>SUFFOLK CENTRAL</u>	Ipswich	238	213	25
	Mid Suffolk	207	199	8
SUFFOLK COASTAL	Suffolk Coastal	253	207	46
SUFFOLK SOUTH	Babergh	222	194	28
	St Edmundsbury	200	181	19
WAKEFIEY	Wakefey	204	194	10
<u>WATFORD</u>	Watford	205	377	-172
<u>WILMBORNE</u>	Wilmington & Chelms	384	340	44
<u>CITY OF LONDON & WESTMINSTER</u>	City of London	489	476	13
	Westminster	448	373	75
<u>EDINBURGH</u>	Southwark	269	515	-246
<u>GREENWICH</u>	Greenwich	277	589	-312
<u>WALLING</u>	Wandsworth & Fulham	267	473	-206
<u>HAMFESTAD & HIGHGATE</u>	Coaden	439	439	0

Constituency	District	COMMUNITY CHARGE 1953-55		
		Safety net	No safety net	Contribution to safety net
KENSINGTON	Kensington & Chelsea	384	340	44
LEWISHAM EAST	Lewisham	320	577	-257
LEWISHAM WEST	Lewisham	320	577	-257
PLUCKLEY	Wandsworth	205	397	-192
STREATHAM	Isleworth	277	490	-213
WESTMINSTER NORTH	Westminster	448	373	75
WIMBORNE	Bromley	222	179	43
WIMBORNE	Bexley	191	190	1
WIMBORNE NORTH	Brent	348	307	41
WIMBORNE & ISLEWORTH	Hounslow	277	243	34
WIMBORNE & WALLINGTON	Sutton	270	231	39
WIMBORNE	Waltham Forest	260	269	-9
WIMBORNE BARNET	Barnet	305	230	75
WIMBORNE	Bromley	222	179	43
WIMBORNE CENTRAL	Croydon	258	197	61
WIMBORNE NORTH WEST	Croydon	258	197	61
WIMBORNE SOUTH	Croydon	258	197	61
WIMBORNE ACTON	Ealing	249	234	15
WIMBORNE NORTH	Ealing	249	234	15
WIMBORNE	Enfield	278	253	25
WIMBORNE NORTH	Enfield	278	253	25
WIMBORNE SOUTHGATE	Enfield	278	253	25
WIMBORNE & CRAWFORD	Bexley	191	190	1
WIMBORNE & WIMBORNE	Hounslow	277	243	34
WIMBORNE	Barnet	305	230	75
WIMBORNE EAST	Harrow	285	225	60
WIMBORNE WEST	Harrow	285	225	60
WIMBORNE & WALLINGTON	Hillingdon	262	242	20
WIMBORNE NORTH	Barnet	305	230	75
WIMBORNE SOUTH	Barnet	305	230	75
WIMBORNE	Havering	228	205	23
WIMBORNE & WOOD GREEN	Haringey	308	191	117
WIMBORNE NORTH	Redbridge	200	161	39
WIMBORNE SOUTH	Redbridge	200	161	39
WIMBORNE-UPON-THAMES	Kingston	267	228	39
WIMBORNE & WIMBORNE	Merton	218	167	51
WIMBORNE BEXLEY AND SIDCUP	Bexley	191	190	1
WIMBORNE	Bromley	222	179	43
WIMBORNE	Bromley	222	179	43
WIMBORNE & BARNES	Richmond	325	259	66
WIMBORNE	Havering	228	205	23
WIMBORNE NORTHWOOD	Hillingdon	262	242	20
WIMBORNE	Kingston	267	228	39
WIMBORNE & CREAM	Sutton	270	231	39
WIMBORNE	Richmond	325	259	66
WIMBORNE	Havering	228	205	23
WIMBORNE	Hillingdon	262	242	20
WIMBORNE	Waltham Forest	260	269	-9
WIMBORNE & WOODFORD	Redbridge	200	161	39
WIMBORNE	Merton	218	167	51
WIMBORNE	Bath	232	259	-27
WIMBORNE EAST	Bristol	258	270	-12

Constituency	District	COMMUNITY CHARGE 1999-00		
		Safety net	No safety net	Contribution to safety net
BRISTOL NORTH WEST	Bristol	258	270	-12
	Northavon	254	254	0
BRISTOL WEST	Bristol	258	270	-12
<u>KINGSWOOD</u>	Bristol	258	270	-12
	Kingswood	240	240	0
NORTHAVON	Northavon	254	254	0
WANDSDYKE	Kingswood	240	240	0
	Wansdyke	244	234	10
WEETON-SUPER-MARE	Woodspring	270	254	16
WOODSPRING	Wansdyke	244	234	10
	Woodspring	270	254	16
<u>CORNWALL NORTH</u>	North Cornwall	193	193	0
	Restormel	185	189	-4
CORNWALL SOUTH EAST	Caradon	193	193	0
	North Cornwall	193	193	0
	Restormel	185	189	-4
<u>FALMOUTH & CAMBORNE</u>	Carrick	196	196	0
	Kerrier	175	193	-18
ST. IVES	Kerrier	175	193	-18
	Penwith	189	195	-6
	Isles of Scilly	187	238	-51
EXETER	Exeter	193	188	5
HENSTON	East Devon	206	191	15
<u>NORTH DEVON</u>	Mid Devon	176	177	-1
	North Devon	170	199	-29
<u>PLYMOUTH DRAVE</u>	Plymouth	189	186	3
<u>PLYMOUTH BUTTON</u>	Plymouth	189	186	3
<u>SOUTH HAMS</u>	South Hams	222	201	21
	Torbay	228	200	28
TEIGNBRIDGE	South Hams	222	201	21
	Teignbridge	200	200	0
TIVERTON	East Devon	208	171	37
	Mid Devon	176	197	-21
	Teignbridge	200	200	0
TORBAY	Torbay	228	200	28
TERRIDGE & WEST DEVON	Torrige	154	200	-46
	West Devon	188	195	-7
BOURNEMOUTH EAST	Bournemouth	219	171	48
BOURNEMOUTH WEST	Bournemouth	219	171	48
	Poole	239	164	75
CHRISTCHURCH	Christchurch	244	169	75
	East Dorset	255	180	75
DORSET NORTH	North Dorset	180	162	18
	Purbeck	190	157	33
	East Dorset	255	180	75
DORSET SOUTH	Weymouth & Portland	172	156	16
	Purbeck	190	157	33
	West Dorset	181	162	19
DORSET WEST	West Dorset	181	162	19
POOLE	Poole	239	164	75
<u>CHELTEMHAM</u>	Cheltenham	259	206	53
	Tewkesbury	240	198	42

Constituency	District	COMMUNITY CHARGE 1998-99		
		Safety net	No safety net	Contribution to safety net
CIRENCESTER & TENKESBURY	Cotswold	256	207	49
	Tenkisbury	240	198	42
GLOUCESTER	Gloucester	211	211	0
	Stroud	224	216	8
STROUD	Stroud	224	216	8
	Cotswold	256	207	49
WEST GLOUCESTERSHIRE	Forest of Dean	184	216	-32
	Tenkisbury	240	198	42
BRIDGWATER	Sedgemoor	228	222	6
	West Somerset	232	214	18
SOMERTON & FROME	Mendip	215	219	-4
	South Somerset	219	214	5
TAUNTON	Taunton Deane	212	211	1
	West Somerset	232	214	18
WELLS	Mendip	215	219	-4
	Sedgemoor	228	222	6
DEVIZES	Kennet	220	220	0
	Thamesdown	240	274	-34
NORTH WILTSHIRE	North Wiltshire	209	234	-25
	Salisbury	231	215	16
SALISBURY	Salisbury	231	215	16
SWINDON	Thamesdown	240	274	-34
WESTSUSSEX	Salisbury	231	215	16
	West Wiltshire	224	226	-2
BROMSGROVE	Bromsgrove	243	168	75
HEREFORD	Hereford	171	162	9
	South Herefordshire	173	164	9
LEOMINSTER	Leominster	177	177	0
	Malvern Hills	239	182	57
WORCESTER	South Herefordshire	173	164	9
	Worcester	242	182	60
WORCESTERSHIRE MID	Wychaven	258	183	75
	Redditch	252	200	52
WORCESTERSHIRE SOUTH	Wychaven	253	183	70
	Malvern Hills	239	182	57
WYRE FOREST	Wychaven	258	183	75
	Wyre Forest	232	198	34
LUDLOW	Bridgnorth	201	191	10
	South Shropshire	182	186	-4
NORTH SHROPSHIRE	North Shropshire	187	191	-4
	Oswestry	184	196	-12
SHREWSBURY & ATCHAM	The Wrekin	216	207	9
	Shrewsbury & Atcham	211	192	19
BURTON	East Staffordshire	208	204	4
CANNOCK & BURNWOOD	Cannock Chase	215	212	3
	Lichfield	260	202	58
STAFFORD	Newcastle-under-Lyne	212	212	0
	Stafford	230	207	23
STAFFORDSHIRE MID	Cannock Chase	215	212	3
	Lichfield	260	202	58
STAFFORDSHIRE MOORLANDS	Stafford	230	207	23
	Staffordshire Moorlands	211	211	0
STAFFORDSHIRE SOUTH	South Staffordshire	262	199	63

Constituency	District	COMMUNITY CHARGE 1993-97		
		Safety net	No safety net	Contribution to safety net
STAFFORDSHIRE SOUTH EAST	Lichfield	260	202	58
	Tamworth	232	200	32
<u>NORTH WARWICKSHIRE</u>	North Warwickshire	274	274	0
	Nuneaton & Bedworth	266	252	14
<u>NUNEATON</u>	Nuneaton & Bedworth	266	252	14
	Rugby	266	222	44
<u>ROBBY & KENILWORTH</u>	Rugby	266	222	44
	Warwick	301	226	75
<u>STRATFORD-ON-AVON</u>	Stratford-on-Avon	304	229	75
<u>WARWICK & LEAMINGTON</u>	Warwick	301	226	75
<u>*ALDRIDGE-BROWNHILLS</u>	Walsall	290	268	22
<u>*BIRMINGHAM EDGBASTON</u>	Birmingham	275	218	57
<u>*BIRMINGHAM HALL GREEN</u>	Birmingham	275	218	57
<u>*BIRMINGHAM MORTMERE</u>	Birmingham	275	218	57
<u>*BIRMINGHAM SELLY OAK</u>	Birmingham	275	218	57
<u>*BIRMINGHAM DUDLEY</u>	Birmingham	275	218	57
<u>*COVENTRY SOUTH WEST</u>	Coventry	267	248	19
<u>*DUDLEY WEST</u>	Dudley	291	235	56
<u>*HALEBOWEN & STOURBRIDGE</u>	Dudley	291	235	56
<u>*HEDDEN</u>	Solihull	255	180	75
<u>*SOLIHULL</u>	Solihull	255	180	75
<u>*SUTTON COLDFIELD</u>	Birmingham	275	218	57
<u>*WOLVERHAMPTON NORTH EAST</u>	Wolverhampton	269	240	29
<u>*WOLVERHAMPTON SOUTH WEST</u>	Wolverhampton	269	240	29
<u>ASHER VALLEY</u>	Asher Valley	240	239	1
	Erewash	249	260	-11
<u>DERBY NORTH</u>	Derby	282	264	18
<u>DERBYSHIRE SOUTH</u>	Derby	282	264	18
	South Derbyshire	261	261	0
<u>DERBYSHIRE WEST</u>	Asher Valley	240	239	1
	Derbyshire Dales	269	267	2
<u>EREWASH</u>	Erewash	249	260	-11
<u>HIGH PEAK</u>	High Peak	236	272	-36
	Derbyshire Dales	269	267	2
<u>SLAY</u>	Slavy	235	202	33
	Harborough	257	216	41
<u>BEOWORTH</u>	Charnwood	239	201	38
	Winkley & Bosworth	224	199	25
<u>HARBOROUGH</u>	Harborough	257	216	41
	Oadby & Wigston	251	212	39
<u>LEICESTERSHIRE</u>	Charnwood	239	201	38
<u>NORTH WEST LEICESTERSHIRE</u>	Charnwood	239	201	38
	North West Leicestershire	256	224	32
<u>RUTLAND & MELTON</u>	Charnwood	239	201	38
	Melton	237	216	21
	Rutland	211	199	12
<u>EAST LINDESEY</u>	East Lindsey	197	198	-1
<u>SALINGBOROUGH & HORNCASTLE</u>	East Lindsey	197	199	-2
	West Lindsey	191	203	-12
<u>GRANTHAM</u>	North Kesteven	191	196	-5
	South Kesteven	201	194	7
<u>HOLLAND WITH BOSTON</u>	Boston	189	189	0

Constituency	District	COMMUNITY CHARGE 1998-99		
		Safety net	No safety net	Contribution to safety net
	South Holland	185	189	-4
LINCOLN	Lincoln	189	198	-9
	North Kesteven	191	196	-5
STAMFORD & SPALDING	South Kesteven	201	194	7
	South Holland	185	189	-4
<u>CORBY</u>	Corby	227	217	10
	East Northamptonshire	207	199	8
DAVENTRY	Daventry	279	249	30
	South Northamptonshire	263	207	56
KETTERING	Daventry	279	249	30
	Kettering	218	218	0
NORTHAMPTON NORTH	Northampton	260	224	36
NORTHAMPTON SOUTH	Northampton	260	224	36
	South Northamptonshire	263	207	56
WELLINGBOROUGH	East Northamptonshire	207	199	8
	Wellingborough	218	212	6
BROXTONE	Broxtowe	239	245	-6
GEDLING	Gedling	245	245	0
NEWARK	Bassetlaw	217	232	-15
	Newark	221	250	-29
<u>NOTTINGHAM EAST</u>	Nottingham	231	251	-20
<u>NOTTINGHAM SOUTH</u>	Nottingham	231	251	-20
<u>RUSHCLIFFE</u>	Rushcliffe	243	244	-1
<u>SPRINGWOOD</u>	Aspley	197	250	-53
	Gedling	245	245	0
	Newark	221	250	-29
SEVERLEY	Severley	220	263	-43
SOUTHFERRIS	Southferry	200	271	-71
	East Yorkshire	217	276	-59
	Severley	220	263	-43
BRIDLINGTON	East Yorkshire	217	276	-59
BRIGGS & CLEETHORPE	Cleethorpe	239	277	-38
	Glanford	229	265	-36
HARROGATE	Harrogate	234	235	-1
RICHMOND (YORKS)	Hambleton	208	208	0
	Richmondshire	173	211	-38
RYSDALE	Hambleton	208	208	0
	Rysdale	164	205	-41
	Scarborough	190	217	-27
SCARBOROUGH	Scarborough	190	217	-27
<u>RYSDALE</u>	Rysdale	164	205	-41
	Selby	183	227	-44
SKIFTON & RIPON	Craven	183	213	-30
	Harrogate	234	235	-1
<u>YORK</u>	York	158	192	-34
*SHEFFIELD HALLAM	Sheffield	223	225	-2
*SHEFFIELD HALLAM	Kirkless	196	229	-33
*SHEFFIELD HALLAM	Calderdale	198	227	-29
*SHEFFIELD HALLAM	Kirkless	196	229	-33
*SHEFFIELD HALLAM	Leeds	199	225	-26
*SHEFFIELD HALLAM	Bradford	218	277	-59
*SHEFFIELD HALLAM	Leeds	199	225	-26

Constituency	District	COMMUNITY CHARGE 1998-99		
		Safety net	No safety net	Contribution to safety net
*LEEDS NORTH WEST	Leeds	199	226	-27
*PUDSEY	Leeds	199	226	-27
*SHIPLEY	Bradford	218	277	-59
<u>CITY OF CHESTER</u>	Chester	273	238	35
<u>CONGLETON</u>	Congleton	252	231	21
	Crewe & Nantwich	260	243	17
EDDISBURY	Chester	273	238	35
	Vale Royal	245	231	14
<u>ELLESMERE PORT & NESTON</u>	Ellesmere Port & Neston	257	215	42
	Chester	273	238	35
MACCLESFIELD	Macclesfield	298	223	75
TATTON	Macclesfield	298	223	75
	Vale Royal	245	231	14
<u>WARRINGTON SOUTH</u>	Halton	234	234	0
	Warrington	237	234	3
*ALTRINCHAM & SALE	Trafford	258	196	62
*BOLTON NORTH EAST	Bolton	224	228	-4
*BOLTON WEST	Bolton	224	228	-4
*BURY NORTH	Bury	259	248	11
*BURY SOUTH	Bury	259	248	11
*CHEADLE	Stockport	278	223	55
*DAVYHULME	Trafford	259	196	62
*HAZEL GROVE	Stockport	278	223	55
*LITTLEBOROUGH & SADDLEWORTH	Oldham	201	225	-24
	Rochdale	228	278	-50
*STOCKPORT	Stockport	278	223	55
BLACKPOOL NORTH	Blackpool	222	233	-11
BLACKPOOL SOUTH	Blackpool	222	233	-11
CHORLEY	Chorley	213	227	-14
	West Lancashire	252	230	22
FYLDE	Fylde	242	225	17
	Preston	210	243	-33
<u>HYNDSPURH</u>	Hyndburn	163	246	-83
<u>LANCASTER</u>	Lancaster	194	226	-32
	Wyre	225	225	0
MORECAMBE & LUNESDALE	Lancaster	194	226	-32
<u>PENDLE</u>	Pendle	161	253	-92
<u>RIBBLE VALLEY</u>	Preston	210	243	-33
	Ribble Valley	205	236	-31
<u>ROSSEDALE & DARNLEY</u>	Blackburn	180	251	-71
	Rosendale	187	263	-76
SOUTH RIBBLE	South Ribble	213	222	-9
<u>WEST LANCASHIRE</u>	West Lancashire	252	230	22
WYRE	Wyre	225	225	0
*CROSS	Sefton	237	231	6
*WALLASEY	Mirral	299	268	31
*WIRRAL SOUTH	Mirral	299	268	31
*WIRRAL WEST	Mirral	299	268	31
<u>BARROW AND FURNESS</u>	Barrow-in-Furness	172	267	-95
	South Lakeland	225	263	-38
PENRITH & THE BORDER	Allerdale	189	262	-73
	Carlisle	210	274	-64

Constituency

District

COMMUNITY CHARGE 1998-99
Safety No safety Contribution
net net to safety

WESTHORLAND & LONSDALE

Eden

190 256 net

Eden

190 256 -66

South Lakeland

235 262 -66

Langbaugh

271 303 -22

Middlesbrough

254 262 -28

Middlesbrough

254 262 -28

Stockton-on-Tees

269 277 -8

Darlington

229 272 -44

Tyneside

226 266 -40

Castle Morpeth

254 254 0

North Tyneside

252 274 -22

LANGBAURGH

STOCKTON SOUTH

DARLINGTON

HEXHAM

*TYNEMOUTH

*Metropolitan constituency

‡London constituency

Source: DOE papers

TRANSITIONAL ARRANGEMENTS FOR SOCIAL SECURITY BENEFITS

Introduction

1. Ministers have agreed that in April 1991 there should be fundamental changes in the way public support is provided for people in residential care and nursing homes. They have also decided that the existing Income Support arrangements should continue to apply to existing residents. This paper deals with the preservation of existing entitlements and with other transitional issues; in particular the possibility of an increase in the take-up of Income Support in residential and nursing homes prior to the new "gatekeeper" being fully in place in April 1991.

Groups of residents and claimants involved

2. Various types of resident will be affected. The following groupings apply both to residential homes and nursing homes.

2.1 Existing claimants of Income Support on announcement day (over 155,000). Most are elderly but there are a number of younger, disabled or mentally ill people (about 20% of the total) whose preserved entitlements to Income Support could remain for many years.

2.2 Existing residents of eligible homes on announcement day who are not claimants at present but who have a title to Income Support were they to need it on income grounds; for example those currently living off savings.

2.3 Potential new claimants going to an eligible home for the first time after the announcement but before implementation of the new arrangements. This group includes those in newly created homes (eg residents of newly privatized LA accommodation).

2.4 New claimants post April 1991 including existing residents of homes seeking public support for the first time.

3. It is impossible to say how many of these residents would be receiving public support in a residential or nursing home under the new arrangements. The best available data (used by DSS Ministers in evidence to the Social

Services Select Committee) is that fewer than 7% of residents were judged as not needing residential care at the point of admission although a further 10% could have returned to or remained in the community if appropriate levels of support were available.

Existing Claimants at April 1991

4. Ministers have decided to make the transition as stable as possible by leaving the current Income Support system intact beyond April 1991 for existing claimants. The consequential decisions which Ministers now need to take are:

- whether entitlement to "preserved" Income Support should apply equally to other residents of eligible homes who at April 1991 are living there without public support.
- whether special rules need to be developed to stop any unusual increase in the numbers of claimants to Income Support prior to April 1991, due either to claimant behaviour or that of providers (including Health Authorities and Local Authorities).

Existing Residents at April 1991

5. Approximately 40% of the residents of homes rely on support from their savings or families and are not dependent on the state. Currently 5% of claims for the residential rates of Income Support are from people already in homes. The philosophy in Sir Roy Griffiths' report is that the care test should apply to all those needing public support for the first time, including those already in residential care. It would be consistent with this approach to treat existing residents as other new claimants; ie subject to the care test and eligible for "basic" Income Support and Housing Benefit.

6. There are arguments against this proposal:

- i. Some existing residents might consider that their futures are made uncertain. To counter this, Local Authorities can be advised that they ought to show a strong prejudice in favour of leaving existing (possibly long-term) residents in familiar surroundings.

ii. When the present system of Supplementary Benefit (now Income Support) limits was introduced in 1985, the transitional protection provided for existing claimants was subsequently extended to existing residents on a discretionary basis. This sets a precedent, although under the old Supplementary Benefit scheme.

7. Against these considerations must be set the very significant practical difficulties of giving existing residents access to "preserved" Income Support. For entitlement to be established, and to prevent abuse, it would be necessary to have some sort of registration machinery or census to identify all residents in homes at the April 1991 changeover date. Social Security offices would need to identify these residents when they made a claim for Income Support and, having verified their entitlements, to allocate them to the "old" Income Support system. These would differ from the procedures needed to maintain existing claimants on preserved Income Support and, in effect, local offices would have to deal with three types of claimant in residential homes - existing claimant, existing resident, and post April 1991 resident - with consequent significant administrative costs. Moreover, extension of preserved Income Support beyond existing claimants would increase the incentive for people seeking residential accommodation before April 1991, (see paragraphs 12-16).

8. On balance, given that any hard cases will be within the remit of local authorities to sort out locally we recommend that continued income support entitlement should only apply to residents who are claimants at April 1991.

Potential New Claimants

9. The second issue is the possibility of an increase in the numbers claiming Income Support in residential care homes following the announcement but before its implementation, and whether anything could, or should, be done about it.

10. There are four separate factors to consider:

(1) Whether there is an incentive for potential claimants to go into residential care earlier than they might otherwise (ie before April 1991).

(2) Whether there is an incentive for residents already in homes to seek to claim Income Support before April 1991.

(3) Whether there is an incentive for private sector providers to expand provision to take advantage of the last few months of the present Income Support limits.

(4) Whether local authorities and health authorities will wish to bring forward the privatisation of provision.

11. Claimants. It is very difficult to gauge the effect on claimants with any precision. It is unlikely that claimants who genuinely need care will receive less public support under the new system, because the present system of limits will not carry over into LA care budgets. Claimants who did not genuinely need care would be better off now than after April 1991, though what research evidence there is suggests that very few move into a home purely on the basis of a financial calculation.

12. Residents. Some existing residents, or their families, might consider that they have an incentive to order their affairs so as to become entitled to Income Support prior to April 1991. Yet to do so would mean spending their money faster than they would otherwise; and there are already safeguards in the benefit system against deliberate deprivation of capital and shedding of income.

13. Private sector providers. The key question is whether, following the announcement of the Government's proposals, private home-owners will indulge in a dramatic short-term expansion of provision. Demographic change is already creating a burgeoning market. On the one hand, they will have no guarantee of future funding for unwarranted expansion to take advantage of the delay before implementing, particularly where they are not providing facilities that local authorities would want to use. Commercial caution might well hold them back. On the other hand, home-owners may judge that people will perceive the new arrangements as unattractive; indeed, the owners may seek to popularise this view to create a new market for residential places.

14. It is unrealistic to think of changing the rules for claimants or independent home owners since this would need legislation. There will be no time for primary legislation before the announcement. Secondary legislation to bring in benefit changes is subject to consultation with the Social Security Advisory Committee before laying and cannot of course be made retrospective.

15. The options for Government action therefore centre on getting the balance of Income Support entitlements right so as not to achieve undesirable incentives. Broadly these are:

(1) Allow all new eligible claimants who make a claim before the April 1991 changeover date entitlement to "preserved" Income Support post-April 1991.

(2) Make eligible claimants who claim after the announcement, but before the April 1991 changeover date, subject to the local authority care test after a period on "preserved" Income Support; they would then become new-style claimants.

The main practical issue is the ability of local authorities to deal sensibly and quickly with a tranche of people already resident in homes. The care test could not be introduced before April 1991. Local authorities will find it very difficult to deal with a substantial backlog of existing cases at the same time as they begin to assess new cases under the new rules. Possibly over 100,000 residents will claim IS for the first time between July 1989 and April 1991. To make their continued receipt of benefit subject to a care test would need primary legislation, which could be done by April 1991. However to attempt to withdraw benefit from a substantial number of existing cases would inevitably arouse strong opposition and could cause profound administrative and political difficulties.

16. Provided that existing non-claimant residents are not given access to preserved Income Support after the changeover date (see paragraph 7), and the majority of home owners act prudently, the announcement appears unlikely to change substantially the level of claims. Accordingly, on balance we recommend that the preservation of income support entitlements applies to all new claimants who claim before April 1991.

Privatisations

17. One effect of the announcement might be to encourage local authorities to bring forward privatisation of their own provision. The post-April 1991 arrangements will leave local authorities with a substantial incentive to dispose of homes. However, they are likely to receive more central Government support for each resident from the current Income Support scheme and the

preserved entitlements than from the new arrangements, given that they have to make a contribution to the funding of places under the new arrangements and that this will only be funded indirectly through rate support grant. Furthermore, early privatisation might also mean more help through the rate support grant for that particular authority.

18. However, such privatisation would be consistent with Ministers' general policy, reflected in their decision to leave the funding arrangements for local authority homes as they are now. Local authorities may in fact be constrained by their own planning mechanisms and political direction. The basic problem to be faced is that it would be difficult for Ministers to prevent local authority privatisations from being accelerated given that this would, in the normal course of events, be eminently desirable. To try and stop this would give some very conflicting signals.

19. Health authorities might also have an incentive to move "bed-blocking" patients out of long-stay hospital care and into private nursing homes before April 1991 in order to ensure that former patients will receive Income Support. NHS closure procedures and strategic planning systems may inhibit authorities who have not already thought of the idea from proceeding rapidly down this road in the time available. But the risk of significant transfers of patients to non-NHS accommodation remains.

20. Ministers are invited to agree that no action is taken on early privatisation.

Department of Social Security
June 1989

CONTROL OF HOUSING BENEFIT EXPENDITURE

Introduction

1. This paper discusses the control of Housing Benefit in residential care and nursing homes, now that Ministers have decided to use that benefit to meet the accommodation element of the charges for homes.

2. Housing Benefit is normally based on the actual rent charged by the landlord. There are powers (exercised by Local Authorities) to prevent benefit being paid on unreasonable rents and subsidy controls to ensure that they are used. Proper controls are needed both on public expenditure grounds and to prevent distortion to the "level playing field."

Existing Controls

3. Central government control of Housing Benefit expenditure is exercised through subsidy arrangements*. The alternative approach - to regulate expenditure through direct control of benefit levels - would be a departure from the subsidy-based approach and could weaken the local determined nature of Housing Benefit. We see no reason to make an exception for residential care and nursing homes, and the remainder of this paper is based on the assumption that overall control of expenditure will be through the subsidy mechanism.

* NOTE: Subsidy arrangements provide for the bulk of local authorities' benefit expenditure to be reimbursed to the basic (97%) rate of subsidy. For deregulated tenancies, in general no subsidy will be payable above a reasonable market rent figure determined by an independent rent officer. However a reduced rate of 50% is payable above the rent officers determination where the claimant is in a "vulnerable" group, which includes the elderly and the sick and disabled. For regulated tenancies, the basic rate of subsidy will be paid for rents which are below a threshold figure for each local authority's area. Benefit paid on rents which exceed the threshold is subsidised at 25%.

Issues

4. The present Housing Benefit system would be difficult to apply to residential homes without some modification. The basic problem is that the more discretion local authorities have to vary the eligible rent in a residential care or nursing home, the more temptation there will be to set rents high. This is because high rents mean more Housing Benefit subsidy; and an artificial "cheapening" of residential care as opposed to domiciliary care would be subsidized through Housing Benefit. The "level playing field" necessitates that the Income Support and Housing Benefit entitlement of someone in residential care should ideally be the same as if they were receiving domiciliary care. Giving even a reduced rate of subsidy on higher rents in residential care and nursing homes could distort this.
5. One approach would be to use Rent Officers to police this system, though there would be difficulties with this because they have no experience in assessing the relative weight of "care" and "accommodation" in the charge. A possibility would be to let the home owners sort this out (leaving rent officers only to assess whether the accommodation element is reasonable), but making the distinction is very much a matter of judgement. Home owners have an incentive to up the accommodation element so that their home would seem cheaper to the local authority.
6. An alternative would be to base benefit on notional rents; rents set not with regard to the actual charge levied by homes but with regard to some measure of rents elsewhere in the market. This would ensure that the playing field was as level as possible, and provide a highly effective limitation on Housing Benefit expenditure.
7. Ministers have already ruled out an approach where amounts are prescribed centrally. An alternative approach would be to express the notional rent in terms of some measure of the average rent met by Housing Benefit in the relevant area. The definition would have to be drawn fairly tightly (for example, with reference to the average rent on a particular recent date) and we would have to involve the auditors in ensuring that local authorities had proper systems in place to make the calculation. Subject to consultation with the Audit Commission and the Accounts Commission in Scotland, this could be done.
8. The most appropriate analogue needs further consideration. The Local Authority Associations will have to be consulted over the necessary changes to the Housing Benefit regulations.

9. The notional rent would vary automatically with reference to the local authority area in which the residential home was, not with reference to the authority responsible for care (either a different tier authority or a completely different authority). The variations would be much more sensitive than the very limited regional variations in the current DSS limits on Income Support; in particular they would better reflect the true cost of providing residential care in London.

10. Notional rents will ensure adequate control over expenditure both because they would act as fixed sums above which benefit could not be paid; and because if the notional rent is based on other rents met through Housing Benefit, it will itself reflect the controls imposed on other parts of the rented sector (eg the rent officer arrangements).

11. Minor amendment to the 1986 Social Security Act may be needed to provide for the fact that rent for these purposes would no longer have any relationship with the actual charge levied by the owner of the dwelling. This could be incorporated in the 1989-90 Social Security Bill.

12. The level of rent allowed for Housing Benefit purposes has a clear and direct impact on the amount of money available for transfer from DSS to the health votes; and on the future division of expenditure between DSS and LAs. These sums are for settlement in next year's Public Expenditure Survey; and there is therefore no need for the actual analogue to be settled in time for the public announcement.

Conclusion

13. The use of notional rents appears to offer a promising way forward, though it will clearly need more study. Ministers are invited to agree in principle that this approach should be adopted, subject to the satisfactory resolution of any new difficulties that may emerge in the necessary further work.

COMMUNITY CARE: SPECIFIC GRANTS

Paper by the Department of Health

At its meeting on 18 May the Prime Minister's Group decided against a general specific grant, on the basis that Government support for community care expenditure by local authorities should be provided through Revenue Support Grant. The Group concluded that there might be a case, however, for targeted specific grants designed to influence local authority decisions in particular areas where a good case could be made out. The possibility is to be further considered, and this note suggests areas in which targetted grants could be beneficial in securing outcomes that would otherwise happen too slowly, too patchily, or not at all. Three such areas are identified:

- home care
- encouraging the independent sector
- support for mentally ill people.

Home Care

2. Reports of the Social Services Inspectorate have exposed the magnitudde of the task faced by social services departments in turning existing services (home helps, meals on wheels etc) that tend to be spread very thinly, into more intensive services targetted on individuals who might otherwise have to leave their homes and enter residential care.

3. Although the new funding structure for residential care should give local authorities a financial incentive to target home care on those most at risk of going into residential homes, they will face powerful pressures the other way eg, a local political desire not to reduce the present number of recipients of some sort of service, however thinly it is spread. Also, considerable inertia is built into existing structures, focusing on services (eg home help, meals on wheels) rather than individuals' needs.

4. These services are large (costing some £700m per year and serving about three quarters of a million people) and are central in meeting the objective of enabling people to live in their own homes for as long as possible.

5. The key objective of a specific grant would be:

- to target mixed "packages" of home care services on those most likely to be at risk of having to resort to residential care.

In order to achieve this, SSDs would have to demonstrate their willingness:

- to redeploy some of the existing, thinly spread services;
- to improve the means by which they address home care needs, putting the client's and carer's interests first and tailoring services (including the provision of respite for carers) to meet them.

6. Specific targets could include

- increasing the average number of hours of help for the most highly dependent clients;

- reducing the publicly financed residential care population while allowing for demographic change;
- providing more help for carers;
- establishing necessary quality controls.

7. A grant of £60 million per year over 5 years to support expenditure of £120m per year on certain home care services (eg weekend supply of meals, home helps, increased voluntary support) and on improved case management. The grant would be payable on condition that the SSD had adequate targets, and was implementing them satisfactorily. Its availability could significantly increase the likelihood of the necessary steps being taken uniformly across the country, and with due speed.

Encouraging the independent sector

8. Moving to an "enabling role" will be a major challenge for SSDs. They will need to develop new skills in purchasing, including contract management. They will need improved budgetary, information, and quality assurance systems.

9. Again, the changes as a whole should give SSDs some incentive to meet those needs. In practice, given the varying responses and capacities of authorities, progress is likely to be patchy, and in places hesitant.

10. A specific grant would provide an opportunity to ensure that every authority addressed these needs with due urgency and commitment. £10m per year over five years, to support expenditure of £20m, payable on similar conditions to the home care grant, would provide an additional incentive to SSDs to address the means by which they would secure greater diversity of provision.

11. Key targets might include

- annual increases in the contribution of the voluntary sector;
- increasing numbers of contracts with the private sector;
- demonstrable evidence that quality assurance and management information systems were in place and working satisfactorily.

Mental Illness

12. If local authorities continue to have any responsibility for the social support of people unable to live independently as a result of mental illness, measures will be needed to ensure that that responsibility is carried out more effectively than at present.

13. The preponderance of medical and nursing care in support of mentally ill people in the community, and other high priority demands on SSDs, tend to result in poor levels of social services for the mentally ill. The changed financial structure will not directly address this issue, and there is a risk that SSDs will continue to give the needs of mentally ill people low priority.

14. The purpose of a specific grant would be to prevent that happening by giving SSDs an incentive to ensure that their services were adequate, in collaboration with health authorities, and recognising the predominant part played by health services in care of the mentally ill. A grant of £30m per year over 5 years, to support £60m of expenditure, payable on conditions similar to the other grants, could significantly re-direct LA priorities towards an area of specific Ministerial and public concern.

15. Specific targets could include

- measurable increases in the services available to seriously mentally ill people in the community (eg numbers of drop-in centres and other forms of day care and advice);
- agreed, funded plans with health authorities to cope with effects of hospital closures;
- measurable increases in support for informal carers.

The alternatives

16. Without the leverage afforded by specific grants, Government's ability to influence LAs priorities and activities is extremely limited. LAs can in theory be required to act in accordance with circulars issued by the Secretary of State, and the Social Services Inspectorate can exert some pressure on authorities to adopt good practice. Audit Commission reports can similarly check on the economy, efficiency and effectiveness of services in relation to statutory requirements and government objectives.

17. Although these instruments can be used to exert some influence, experience of the targetted grants for training introduced recently has shown that they can be much more effective in stimulating action when encouragement and persuasion have failed.

CONFIDENTIAL

ANNEX D

COMMUNITY CARE: POWERS AND CONTROLS

Paper by the Department of HealthIntroduction

1. Following the decisions taken at the Prime Minister's meeting on 18 May, this paper discusses:

- the shaping of local authority powers and duties
- planning and monitoring arrangements
- registration and inspection of homes

The paper addresses legislative requirements under each of those headings.

SHAPING LA POWERS AND DUTIES

2. Existing LA powers and responsibilities are variously expressed in a large number of enactments (a detailed account is in the Annex) and it might be argued that this, coupled with a comprehensive White Paper and detailed guidance would be sufficient to achieve Ministers' aspirations. A minimal change approach of this sort would simplify the legislative programme and avoid explicitly raising expectations that new services were to be provided.

3. Against this, existing powers and responsibilities are dispersed, vague and couched in general terms. They do not achieve the central Griffiths objective of delineating responsibilities unambiguously, nor have they been effective in delivering a coherent policy up to now. Unless local authority powers and responsibilities are expressed statutorily in ways which fit the new approach, there will be reason to doubt whether authorities will respond as they should.

4. Such an approach would require primary legislation explicitly to place a responsibility on LAs, in consultation with others as necessary, to arrange for the assessment of the care needs of individual applicants and keep them under review; to determine whether those needs can best be met by support at home or care in a residential setting; to take account of whether an individual or his/her carers can make a contribution towards the cost of those services; to make arrangements for packages of service to be provided; and to meet the cost of that care, with regard to the ability of individuals to pay and the availability of public funds.

5. Apart from the legislative change proposed above, other changes would have to be in place on implementation day. LAs currently have no power to meet the care costs in residential settings of elderly people in receipt of benefits; neither are they able to top up the care costs for elderly people whose income level is too high to

qualify than for benefit support, but who cannot afford the cost of residential care in full. Both these changes would require primary legislation.

6. Ministers will wish to consider how far they wish to make their legislative intentions clear in the July statement, and what they would prefer to leave to discussion in the White Paper later in the year. It might be sufficient to say in the statement that the legislative proposals would be spelt out in the White Paper.

PLANNING AND MONITORING ARRANGEMENTS

7. Sir Roy Griffiths argued for a systematic and comprehensive approach to LA planning systems and monitoring their performance, linked explicitly to his recommendation of a substantial general specific grant towards the cost of community care. Ministers have effectively rejected this approach along with the general specific grant. There are also, as mentioned in the separate paper on specific grants, other mechanisms available - ie guidance and circulars, SSI and the Audit Commission. However, these complement rather than replace the Government's objectives of focussing on and controlling policy development and direction, for example in the areas of diversity of service provision, promoting better management and delivery of home care, developing case management, and strengthening the voice of consumers.

8. Any targeted specific grant programme would require clear arrangements for objective setting and monitoring of performance. On top of this, however, it can be argued that the enhanced role that Government is awarding to local authorities carries a commensurate responsibility for accountability; and also that the Government needs to meet the frequent criticism that its control of its own community care policy is imperfect, leading directly to the off-quoted patchy levels of performance across the country. All this implies some emphasis on developing local information systems; requiring local authorities to be explicit and systematic in, at least, producing statements of objectives and priorities, and collaborating with health authorities and other agencies to do so; and developing the role and ability of SSI to monitor these developments.

9. Ministers will wish to consider:

- whether they wish to ask LAs to produce community care plans, including specific objectives and targets, in consultation with health authorities, voluntary bodies etc
- whether they wish those plans to be open to inspection by the Social Services Inspectorate; and
- whether they wish to be able to call for reports from a LA on specific or general community care issues for which it is responsible

The second and third, at least would need to be included in legislation. The first might be the subject of guidance, or could be a statutory requirement.

REGISTRATION AND INSPECTION OF RESIDENTIAL CARE AND NURSING HOMES

10. Monitoring of standards in residential care and nursing homes was raised by Sir Roy Griffiths and by the committee chaired by Lady Wagner which reviewed residential care. Mr Clarke outlined his views on handling these issues in his minute of 28 April.

A Unified System for Registration and Inspection of Residential Care and Nursing Homes

11. At present local authorities are statutorily responsible for registering and inspecting private residential care homes. Health authorities have parallel responsibilities for registering and inspecting private nursing homes.

12. Sir Roy Griffiths recommended bringing the two systems together under LA control. This would logically follow a decision to make LAs responsible for assessing needs for such care and meeting care costs.

13. Against this, medical and nursing interests, and private nursing home proprietors, are likely strongly to resist transfer of the existing health authority functions to LAs.

14. Also, there has been pressure to create an independent national inspectorate for residential care homes, and any change in responsibilities is likely to bring that issue to the fore, as well as raising questions about the extent to which the NHS has a responsibility for providing residential nursing care, where it is needed.

15. For all these reasons, Ministers may conclude that both the statement and the White Paper should propose leaving the existing structures in place, while not ruling out the possibility of change in the longer term.

An Even-handed Approach to Inspection of Homes in the Public and Independent Sectors

16. LA homes, unlike private and voluntary homes, are not subject to independent inspection. This, together with scandals in some LA homes had led to demands for a system that treats all homes alike (reflected in the Wagner report) and also to pressure for a national inspectorate.

17. A national inspectorate would be seen to be independent and would meet the Wagner recommendation that LAs should not inspect their own homes. It could also help in applying reasonable and uniform standards across the country. But it would mean setting up a new inspectorate, with its own overheads, that could lead to public

pressure for increased spending on homes. No form of inspection is an adequate substitute for effective day-to-day management and supervision, which should be the primary safeguard against poor standards and abuse of residents.

18. Officials have been considering ways of creating within the present statutory framework an even-handed approach to inspection of residential homes in the public and independent sectors. DH Ministers are currently considering proposals. Depending on the outcome, it might be possible to announce in the community care statement an intention to bring forward proposals for this purpose.

19. In essence, these proposals, which build on work by the Social Services Inspectorate, would entail:

- the introduction of an independent element into LAs inspection processes;
- extension of those processes to LA homes;
- continuing external oversight nationally by the Social Services Inspectorate.

The cost of the changes might be about £5m per year. Primary legislation would not be required. More radical change need not be ruled out: indeed, Ministers may wish to say that they will be keeping registration and inspection issues under review while the main post Griffiths changes are implemented.

LOCAL AUTHORITY SOCIAL SERVICES DEPARTMENTS: STATUTORY POWERS AND RESPONSIBILITIES

1. GENERAL

NATIONAL ASSISTANCE ACT 1949

Section 21-26: Confers a duty on LAs to provide residential accommodation for old, infirm and others in need of care and attention, normally resident in their area, with approval of and direction of Secretary of State. Where accommodation is provided LA must fix standard rate of charge to be paid. If person unable to pay amount can be reduced by LA to minimum set by S of S.

Authorities can provide accommodation themselves or make arrangements with voluntary bodies or persons registered under Registered Homes Act 1984.

Section 29-30: Gives LAs power to promote welfare of blind, deaf, dumb and other disabled or handicapped with approval of and direction of S of S. Their duty to exercise these powers in relation to residents in their area, covers provision of instruction re overcoming disability:

- workshops and training for work
- recreational facilities
- compiling and maintaining classified disabled register.

Section 36: Where LA fails to discharge any of their functions under the Act, or fail to comply with regulations, the Minister may make an order declaring authority to be in default. Authority must then remedy default in time specified in the order. If authority fails Minister may then make fresh order transferring authority's functions to himself.

Section 43-45: Where residential accommodation is provided LA may make application for costs to be met by person liable to maintain the person assisted, or may recover expenditure where there has been misrepresentation.

Section 47: Enables LA to apply for an order to remove person to a suitable hospital, or other place, if person incapable of looking after themselves and no-one else available to look after them. NB: Power conferred on District Council + London Boroughs.

Section 48: Lays duty on LA to safeguard moveable property of persons admitted to hospital or Part III accommodation. Includes right of access to persons residence and provision for recovery of expenditure occurred in relation to this duty.

HEALTH SERVICES AND PUBLIC HEALTH ACT 1968

Section 65: Enables LAs to give assistance by way of grant or loan to voluntary organisations.

NHS ACT 1977

Section 21 & Schedule 8: Provision of home helps and laundry facilities to elderly, mentally ill etc.

Section 22: LAs to co-operate with HAs and FPCs in promotion of welfare. Set up Joint Consultative Committees and engage in joint planning.

Section 28: Duty of LA to provide HAs with social workers necessary to enable them to discharge their functions under this Act.

2. DISABLED

NATIONAL ASSISTANCE ACT 1948

Section 41: States that County Councils will be registration authority for charities for the Disabled.

DISABLED PERSONS EMPLOYMENT ACT 1958

Section 3: Gives LAs power to provide facilities for registered disabled to be employed in or work on their own account as well as training for employment, with approval of and direction or S of S (for employment).

CHRONICALLY SICK AND DISABLED PERSONS ACT 1970

Section 1: Confers duty on every LA to find out the number of persons affected by their welfare provisions (Sect 29 of Nat Assist Act 1948). Also they must publish information as to services available and advise people of services relevant to their needs.

Section 2: Confers duty on every LA, where it assesses a need for services, to provide various facilities under Sect 29 of NA Act ranging from practical assistance in the home, to recreational facilities, to adaptation of premises, to supply of telephones, TVs etc. [List of facilities given in Act over 13 items]

DISABLED PERSON (SERVICES, CONSULTATION AND REPRESENTATION) ACT 1986

[NOTE: Sect 1-3 not yet in force]

Sections 1-5: States LAs shall permit authorised representatives of disabled people to act in connection with requests of provision of LA services etc. LAs shall deal with representatives as required unless they deem it to be harmful to the interests of the disabled persons. Requires assessment of needs for services to be made by LA and representations to be made by person or representative. Where disabled person leaves special education LA must assess needs.

Section 8(1): Where a person is living at home and looked after substantially on a regular basis by a carer LA shall have regard to ability of carer to continue providing this service when assessing if person needs LA services.

3. MENTAL DISORDERS

MENTAL HEALTH ACT 1959

Section 8: Enables LAs to provide residential accommodation for care or aftercare of mentally disordered people under para 2 of Schedule 8 to NHS Act 1977 and provides that Section 29 of 1948 Act applies to mentally disordered people.

CHRONICALLY SICK AND DISABLED PERSONS ACT 1970

Section 18: Requires LAs to provide information to S of S of numbers of people under age 65 suffering from mental illness or disorder or handicap for whom residential accommodation provided in homes for over 65s.

NHS ACT 1977

"Schedule 8 para 2 - Confers powers on LAs to make arrangements subject to S to S approval and his directions to provide accommodation and services for the prevention of illness and the after care of people suffering from

illness. In LAC 19(74) approval was given to a number of services for mentally disordered people. A direction in that circular obliges authorities to make available for those people residential accommodation, training and occupational facilities, social work and certain other provision. LAC (74)28 gives blanket approval for services for a loosely defined group of sick people [ie it is not confined to people with mental disorders].

MENTAL HEALTH ACT 1983

Section 116-117: The authority to arrange visits to patients and on leaving hospital to provide necessary services in co-operation with DHA or voluntary organisations.

DISABLED PERSONS (SERVICES, CONSULTATION AND REPRESENTATION) ACT 1986

Section 7: Where a person is discharged from hospital after continuous stay of 6 months LA to make arrangement for needs assessment under welfare enactments unless person requests otherwise. Co-operation with HA essential. [Not yet in effect]

5. ELDERLY

HEALTH SERVICES AND PUBLIC HEALTH ACT 1968

Section 45: LA may make arrangements for promotion of welfare of vulnerable old people as per Section 21-26 and 29-30 of Nat Assist Act 1948. S of S approval given in Circular No 19/71 to making of arrangements for purpose mentioned in para 4 of circular to meet needs of elderly.

HEALTH AND SOCIAL SERVICES AND SOCIAL SECURITY ADJUDICATIONS ACT 1981

Section 17: Enables authorities to recover reasonable charges in respect of services provided under Sect 29 of 1948 Act, Sect 45(1) of 1968 Act, Schedule 8 to NHS Act 1977 & Sect 8 of Residential Homes Act 1980 & Para 1 of Part II of Schedule 9 to that Act.

NB. Legislation applying to disabled applies to elderly where they are disabled.

6. OTHERS

SUPPLEMENTARY BENEFIT ACT 1976

Schedule 5: Paragraph 2 of Schedule 5 gives S of S power to require social service authorities to exercise on his behalf functions of providing and maintaining resettlement units.

PUBLIC HEALTH (CONTROL OF DISEASE) ACT 1984

Section 46(2): LA may cause to be buried or cremated body of dead person resident in Part III or hostel accommodation.

Section 46(5): Allows LA to recover cost from the estate or liable relative.

REGISTERED HOMES ACT 1984

Local social service are the registration authorities for residential care homes and given powers of inspection and cancellation of registration.

HOUSING ACT 1985

Sect 71: Local housing authority may request social services authority to exercise functions regarding homeless or potentially homeless people, authority must co-operate as is reasonable.

Circulars

National Assistance Act 1948

Section 21: S of S approval and direction - DHSS circular No 13/74

Section 29: S of S approval and direction - DHSS circular No 13/74

Section 47: DHSS Circular No LASSL (78)18

HEALTH SERVICES AND PUBLIC HEALTH ACT 1968

Section 45: DHSS Circular No 19/71

NHS ACT 1977

Section 28 A - DHSS Circulars LAC (83)5, LAC(84)8

CHRONICALLY SICK AND DISABLED PERSONS ACT 1970

Section 1: DHSS Circular No 45/71

DHSS Circular No 69/71

DHSS Circular No LAC(87)6

REGISTERED HOMES ACT 1984

DHSS Circulars No's LAC (84)15, LAC 86(6) and LAC (88)15

DISABLED PERSONS (SERVICES, CONSULTATION AND REPRESENTATION) ACT 1986

Section 5 - DHSS Circular LAC(88)2

Section 8 - DHSS Circular LAC (87)6 (part vi)

NHS ACT 1977

Schedule 8 para 2 DHSS Circular No 19/74

DHSS Circular No (74)28

Mental Health Act 1983

Section 114-115: DHSS Circular No (86)15

HASSASSA ACT 1987

Section 17 - DHSS Circular No LAC (84)7

CONFIDENTIAL



FROM: CHIEF SECRETARY

DATE: 14 June 1989

PRIME MINISTER *Bela with P.*

UNIFORM BUSINESS RATE AND REVALUATION: TRANSITIONAL ARRANGEMENTS

Nicholas Ridley sent me a copy of his 7 June minute about the transition to the uniform business rate. I have also seen Peter Walker's 9 June minute.

2. I agree with Nick that we should retain the present limits on increases in rate bills for the losers. And I also agree that some increase is justified in the threshold for defining small properties. But I wonder whether it is right to go quite as far as Nick suggests. The problem is to set a limit which covers the genuine small businesses we want to help, without extending the special treatment to branches of very large businesses. I think Nick's proposals go too far, by including nearly 80 per cent of all properties. Peter Walker's proposal would extend even further, to some 85 per cent of properties in Wales. I propose instead an increase to £10,000 in London, and £7,500 elsewhere in England; this would cover 70 per cent of business properties. A £7,500 limit in Wales would cover 80 per cent of properties.

3. Nor can I support the proposal to finance part of the protection for losers by means of a premium on the UBR poundage. As you will recall, we considered this last year, and discussed it in E(LF), and the arguments which led us to reject it then are equally compelling now.

- Even with the cap on gainers in the first year, the premium would be substantial - an increase of perhaps 10-12 per cent in England on what the poundage would otherwise be and thus a real increase in the business rate poundage.

- This would be a substantial additional impost on a large number of businesses, and would mean many more losers, overall, in the first year. Compared to the existing proposals, over 100,000 properties which currently stand to gain would instead find their bills unchanged. And a further 100,000 who currently break even would actually become losers.
- For all these and more, the rate bill would be 10-12 per cent higher than it ought to be. The average businessman would find it very hard to square this with our repeated assurances that the new Uniform Business Rate would be set so as to produce broadly the same yield as in 1989-90 in real terms.
- Moreover, unlike the gainers whose gains are phased in under the present proposals, these businesses do not have substantial reductions in their rate bills to look forward to. They would be paying substantially more, so that the gainers could receive their gains earlier.

4. The principle we agreed upon on last year, that the phasing for the losers should be matched by phasing for the gainers, still seems to me the right approach. The new system represents a much better deal for business overall: after years in which rates have consistently risen faster than inflation, and sometimes by massive amounts, they have an assured commitment to a stable climate in which rates cannot rise faster than inflation. Moving to this new system, combined with the revaluation, is bound to involve significant shifts in rate bills, which it is reasonable to phase in. Starting with an additional rate for a broad band of businesses would get the new system off on the wrong foot. It would risk undermining the credibility of our pledges about future increases.

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5. Obviously, the phasing will not be popular with the big gainers, whose views are reflected in the response to the consultation paper. But I am not sure that Nick is right to say that the Association of British Chambers of Commerce is more representative than other bodies - they have a substantial number of firms from the North and the Midlands. I understand that the CBI, for example, have not expressed a firm view on the idea of a premium on the poundage.

6. I propose therefore that we should stick to our existing proposal to phase in both gains and losses in parallel.

7. Nicholas also proposes to limit the transitional protection to existing occupiers. I agree this is sensible.

8. Finally, he suggests we might publish an updated survey of the effects of the revaluation. I suggest that Nick, Peter, and I consider the figures, once they are available, with a view to deciding what it would be helpful to publish.

9. I am copying this minute to members of E(LF), to John Wakeham, David Waddington and to Sir Robin Butler.

A handwritten signature in blue ink, appearing to read 'John Major', with a stylized flourish at the end.

JOHN MAJOR

Local Govt .

Pages Pt 2 .





Minister for Local Government

copy (librarily)
Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone

ff

Mr A Bearpark
APS/Prime Minister
10 Downing Street
London
SW1

12 June 1989

Dear Andy

THE COMMUNITY CHARGE AND SECOND HOMES

Mr Gummer is writing to all Ministers about the manner in which they may be affected by the Community Charge, particularly as regards second homes.

The Prime Minister may find it useful to have the attached copy of Mr Gummer's letter.

Yours

Trevor Beattie

TREVOR BEATTIE
PS/Mr Gummer



Minister for Local Government

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone

12 June 1989

THE COMMUNITY CHARGE AND SECOND HOMES

I thought you might like a short note on the way you may be affected by the community charge, particularly as regards second homes.

If you have one home you will pay the personal community charge there. Those with more than one home will pay the personal community charge at their main home and will then pay a standard community charge where they have another home, provided that no-one uses that other residence as their main home.

It is not up to individuals to decide which of their residences is their main one. That is the responsibility of the Community Charges Registration Officer (CCRO). Ministers will wish to provide the CCRO with the information that will be necessary for this decision to be properly made. I am therefore recommending that you write a note which expresses clearly your particular circumstances and send it to the CCROs concerned so they will be able to decide properly your liability for the community charge.

Ministers are, of course, in the same position as all other Members of Parliament, except that the nature of Ministerial responsibilities may make it more likely that their London address will be held to be their main home. Even so, Ministers' personal situations will vary considerably. There will be some whose wives are clearly resident at the constituency home where their children go to school and who only visit London from time to time. They themselves, however, may come to London on Sunday nights and spend most of the week here except for holiday periods. Others will



have grown-up children or elderly relatives living at one or other of their homes. Whatever the circumstances the important fact is that it is the CCRO who makes the decision, not the Minister. That means that when registration is complete not all Ministers will find themselves in precisely the same position.

If you have any concerns and would like a word with me do please telephone my office on 276 3190.

JOHN SELWYN GUMMER

Definitions

Personal Community Charge - The usual Community Charge levied by local councils.

Standard Community Charge - The charge levied on second homes which can be up to twice the personal community charge. This is not affected by the number of people using the house as a second home. However if anyone is registered at an address for the personal community charge, no standard community charge is payable.

CCRO - Community Charge Registration Officer - the local official responsible for producing and updating the community charge register.



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10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

9 June 1989

COMMUNITY CHARGE: PENDLE

Mr. John Lee, M.P., is coming to see the Prime Minister on Thursday 22 June to discuss the impact of the community charge on his Pendle constituency.

Be 11 Please could you provide a brief on the issues as they relate to Pendle. For the general background we will be able to draw on the briefing for the E(LF) meeting earlier in the day. Please could this reach me by Tuesday 20 June.

(ANDREW TURNBULL)

Trevor Beattie, Esq.,
Office of the Minister for Local Government,
Department of the Environment.

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PRIME MINISTER

UNIFORM BUSINESS RATE AND REVALUATION:
TRANSITIONAL ARRANGEMENTS

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at flag

I have seen a copy of Nicholas Ridley's minute to you of 7 June with revised proposals for transitional arrangements for non-domestic ratepayers. I too have been considering this matter in the light of comments received on our consultation paper.

My original proposals mirrored those proposed for England, save that I envisaged being able to phase in reductions for gainers rather more quickly than was possible for England. Even so, the proposals to defer gains in order to pay for the protection of losers was the subject of severe criticism and, like Nicholas, I believe that we should do what we can to avoid alienating those who, being entitled to reductions, ought strongly to support our policy. I therefore also favour the adoption of a premium on the poundage as a method of enabling gainers to obtain their reductions more quickly.

Like Nicholas, I consider our original proposals for protecting losers - a 15% maximum increase in real terms, year-on-year for small businesses, and a 20% maximum increase for large businesses - struck the right balance, and I propose to retain it. But I have been persuaded that the threshold for small businesses should be raised, in Wales, to £10,000 rv on the new list. My proposals for a premium take this into account.

It would be possible for me to balance the Welsh NNDR Pool each year by imposing premia of 4p, 1½p, 1p, ½p and 0p in the five years 1990/91 to 1994/95, without the need for a cap on reductions. But the effect, in year 1, would be that more than 75% of non-domestic ratepayers would be losers. If, however, I combined a lower premium in year 1 with a cap on reductions at the same level as Nicholas proposes for England (20% real), I can reduce the number of losers to about 65%. The pattern of gainers and losers in Wales would then only marginally differ from that which will obtain in England. Accordingly, that is the arrangement I wish to adopt. The attached Table sets out these proposals, and their effects, in more detail.

/On other issues, I am...



On other issues, I am persuaded that we should limit protection to existing occupiers, and that we should not extend it to new buildings. I agree with Nicholas that we should wait for the Inland Revenue's further information on the effects of the revaluation before finally settling the figures, and that it would therefore be appropriate to wait until July before making any announcement. My officials will need to discuss with Nicholas' what arrangements should be made about announcing the Welsh aspects of these revised proposals, should you and colleagues agree them.

... I am sending copies to members of E(LF), to John Wakeham, David Waddington and to Sir Robin Butler.

9 June 1989

PW



REVISED TRANSITION SCHEME - WALES

Premiums are 2p, 1½p, 1p, ½p and 0p. RV threshold is £10,000. Cap on gainers of 20% in real terms in the first year.

1. First Year Change

Number of properties (000)

Gainers	Small Properties	Large Properties	All Properties
50% or more	0	0	0
21% to 49%	0	0	0
5% to 20%	20	5	25
Total	20	5	25
Little change	5	0	5
Losers			
5% to 10%	5	0	5
11% to 20%	50	10	60
Total	55	10	65
Overall Total	80	15	95

2. Five Year Changes

Numbers: thousands; Rate bill: £m

	Gainers		Little Change		Losers		Shortfall (-)/ Windfall (+)
	Numbers	Rate Bill	Numbers	Rate Bill	Numbers	Rate Bill	£m
1990/91	25	120	5	30	65	180	0
1991/92	25	100	5	50	60	180	0
1992/93	25	110	10	60	60	170	0
1993/94	25	110	10	60	60	170	0
1994/95	30	110	5	60	60	160	0

Local Gov 1911
Ralph A. R.





SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

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

8 June 1989

Dear Nick,

STANDARD COMMUNITY CHARGE

at flat

You will recall that I wrote to you and E(LF) colleagues on 22 February describing the problems which have arisen in Scotland following the introduction of the standard community charge and I took due note of colleagues' views in response to that minute.

However representations and adverse publicity about the standard charge have increased subsequently, to the extent that I think they are now diverting attention from the many positive points which are emerging from the introduction of the community charge system generally.

I am convinced that some action has to be taken and I think that there are a number of ways in which we could make adjustments to the present arrangements to meet the concerns that have been expressed, without undermining the objectives which the standard charge arrangements were originally intended to meet. I have therefore prepared a paper which describes the main problems (paragraph 5) and suggests some solutions (paragraph 8). In formulating these proposals I have had particular regard to your concerns and those of Peter Walker about the standard charge multiplier, and for this reason I have suggested taking powers to prescribe the multiplier in Scotland up to a maximum level of two. This would, in practice, bring the Scottish arrangements more closely into line with your own powers. I appreciate, of course, that you have no intention at the moment of prescribing anything less than a maximum multiplier of 2 for that class of properties which broadly equates to those properties in respect of which our local authorities have discretion over the level of multiplier. Nevertheless, our particular problem is that we have no powers to limit the multiplier even if, as is happening, local authority action in setting (with two exceptions) their charges at the

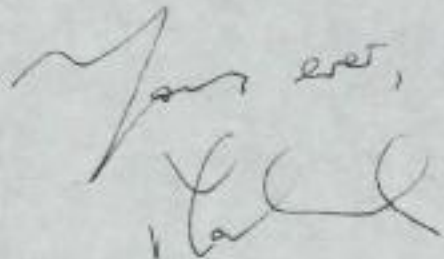
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maximum is having serious practical effects upon certain categories of people, and equally serious effects upon our presentation of the charge in Scotland. My Scottish Office colleagues and I are all firmly of the view that the level of multiplier is the key to the problems we are facing and that without some early promise of action we are going to continue to face considerable criticism.

I would be pleased to discuss any of the proposals with you and I would be grateful for your comments on the paper and for those of other E(LF) colleagues to whom I am copying this letter.

A handwritten signature in dark ink, appearing to read 'Malcolm Rifkind', with a stylized flourish at the end.

MALCOLM RIFKIND

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THE STANDARD COMMUNITY CHARGE IN SCOTLAND

1. The Green Paper 'Paying for Local Government' (Cmnd 9714), published on 28 January 1986 made proposals for the introduction of the community charge and paragraph G39 of Annex G to that paper proposed that owners of second homes should pay a standard charge equivalent to two individual charges. Members of E(LF) subsequently agreed that the local authorities should be given discretion to set the standard charge multiplier at up to a maximum of 2.

2. The standard community charge arrangements which are now in operation in Scotland under section 10 of the Abolition of Domestic Rates (Etc) Scotland Act 1987 in summary provide that the standard community charge is payable in respect of domestic property which is not the sole or main residence of anybody. Local authorities have some discretion in setting the level of the charge through the standard charge multiplier which can be set at between one and two (ie they can set the standard charge for their area at from one to two times the level of the personal community charge). Similar arrangements apply in respect of the standard community water charge. There is a statutory 'period of grace' of 3 months under which the standard charge will not be payable for the first 3 months that any unfurnished property has nobody solely or mainly resident in it. The 3 month period is indefinitely extendable at the discretion of the local authority. The 1987 Act also provides that properties can be exempted from the standard charge by means of regulations.

3. This paper proposes that a number of changes should be made to the present arrangements to deal with problems which have emerged and which were not foreseen at the time the 1987 Act was drafted. Two of the three proposed changes would require amendments to be made to the 1987 Act and this paper proposes that these amendments could be made in the context of the Local Government and Housing Bill which is now before Parliament. The changes would all be capable of being brought into effect on 1 April 1990.

The main problems

4. The standard charge arrangements as they stand have extended to situations considerably beyond the original Green Paper proposals described above. An illustration of this is that there are an estimated 19,000 second homes in Scotland but about 85,000 properties registered for the standard charge. A significant proportion of the difference may be accounted for by empty local authority houses and houses which become empty for a short while during changes of ownership. Other reasons for a standard charge liability arising other than for conventional second homes include the situation where persons, because of their employment or for other reasons, are obliged to live away from their property and cases where people in tied housing have bought properties for occasional use, for security or for their retirement.

5. The standard charge arrangements have generated a very considerable amount of adverse publicity and critical correspondence at a level sufficient to divert public attention away from many of the positive aspects of the introduction of the community charge in Scotland.

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The main problems are as follows:-

5.1 Many more second home owners than expected have been faced with very substantial increases in some cases 10 times or more over the amounts they paid in rates before 1 April. In many cases their losses on the standard charge have not been made up by savings on the rates they used to pay on their main residence. The expectation at the time of the Green Paper (paragraph G39 of Annex G) was that a standard charge set at 2 "would leave second home owners broadly unaffected by the removal of rates". This has not been borne out by experience in Scotland.

5.2 Owners of unfurnished and unoccupied properties retained by them, for example by farmers for future use or because they are unsaleable or unlettable for a variety of reasons, are facing standard charges where previously in most cases they paid no rates because of the reliefs which applied.

5.3 People who are being cared for by their relatives, for example elderly people who are convalescing for an extended period before returning to their own home, are liable for a standard charge on that temporarily unoccupied home if the Community Charges Registration Officer (CCRO) determines that they are mainly resident at the address where they are convalescing and where they will also be liable for a personal charge.

5.4 People who are required by their terms of employment to live "in house" such as some hospital doctors, boarding school staff or people whose employment requires them to live away from a dwelling they regard as "home", may face both a standard charge and a personal charge.

5.5 People who live in tied housing and who buy a house for their retirement (eg ministers of religion or farmworkers) may face both a standard charge and a personal charge.

5.6 Owners of holiday self-catering accommodation previously rated as domestic property are tending to face a significant increase in the amount payable, unrelated to the income generated by the property.

5.7 Local authorities are facing considerable administrative burdens arising from the fact that a standard charge liability is generated the moment that nobody is solely or mainly resident in a property. The 'period of grace' provisions only apply to the liability actually to pay the charge. Thus where a house changes hands there often has to be a considerable amount of paperwork while no actual revenue is generated.

5.8 In many cases second home owners can claim to make negligible demands on local authority services, because limited use is made of their properties or because they are remote, and very often they have no vote in the charging authority's area so can exercise no influence through the ballot box. For these reasons and because the extent of liability has been greater and the range of circumstances

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in which it exists wider than was anticipated, it is not easy to hold that the standard charge is not an even blunter form of property tax than domestic rates.

Proposed Solutions

6. The law as it stands is not necessarily the cause of these problems (apart, perhaps from 5.7). Rather it is that the law as it applies to particular cases is having effects which were not envisaged or intended when the arrangements were drafted. The courts may come to interpret the statutory concept of a person's sole or main residence in ways which reduce the incidence of the standard charge where residence away from home is temporary although this may take time and it is not certain. It can also be argued that in some cases a solution lies in the hands of the person affected as anyone unable to pay the standard charge can rent or sell their property. However it is not always the case that there is an identifiable market for the property in question. While the domestic housing market in most areas in Scotland remains active, many of the properties are in areas where demand for houses is weak or in locations or physical states which make them literally unsaleable, even though their owners may have invested in the maintenance and improvement of the property. The last resort for owners of such properties is to avoid the standard charge by making them uninhabitable.

7. It is clear though that not all cases admit a simple solution and the opportunities for adverse publicity are obvious. Representations have tended to argue for alternatives to the present standard charge arrangements including the extremes of outright abolition, the re-introduction of rating for second homes or a system of variable multipliers related to the value of the property concerns. Abolition of the standard charge would leave second homes free of any local taxation and reduce the local tax base. The other 2 extreme options would in effect involve the re-introduction of local property taxes for dwellings, albeit on a restricted scale. While this may indeed be appropriate for self-catering accommodation used in the same way as other tourist accommodation already subject to non-domestic rates, it does not appear appropriate for second homes in general.

8. The courses of action which are proposed for Scotland are as follows:

8.1 The Secretary of State should be given the power to prescribe the standard charge multiplier up to a maximum of two. We would give serious consideration to a multiplier of one.

8.2 The existing 'period of grace' provisions should be repealed and existing powers used to prescribe as exempt from the standard charge any domestic property which is unoccupied and unfurnished.

8.3 Holiday self-catering accommodation should be moved into rating where it is genuinely available on the market for holiday lets.

8.4 Provisions similar to the existing 'period of grace' provisions should be applied to properties which are unoccupied but furnished.

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9. The most important of these proposals is 8.1. With the exception of two of the Islands Councils, all authorities in Scotland have set a multiplier of 2. The level of standard charge thus generated (the highest in Scotland being Lothian's at £784) is a common factor in most of the problems described above. As an illustration of this, in Strathclyde Region the average standard charge is £585. However an estimate by Strathclyde's own officials is that second homes in Strathclyde tend to be situated in the traditional holiday areas with typical rates paid of £210-£220 last year, well under half the standard charge. On Cumbrae, one of the particular problem areas, where about half the housing stock consists of small second homes, the income generated by the standard charge is over 170 per cent higher than that previously generated by rates (£398,652 as against £146,351). Had the standard charge multiplier been set at one, income from second home owners would have risen by 36 per cent. We have had representations from the owners of a number of premises where the rates paid are less than £100 per year in comparison with the standard charge of £556. Although the level of standard charge is the result of local authorities' decisions, there is in practice little incentive for authorities to set a lower figure. They will by and large be judged by their electorates on the level of their personal charge and it is therefore in their interests to maximise income from other charges. Furthermore the great majority of second home owners do not live and vote in the local authority area in which their second home is situated.

10. The power to prescribe a maximum multiplier would enable the Scottish Office to determine a maximum figure in a context in which these other influences did not have a bearing with account taken of the problems referred to at 5.1, 5.3, 5.4, 5.5 and 5.8. Local authorities would still have the discretion to set a multiplier below the maximum. The Secretaries of State for the Environment and Wales already have a similar power under section 40 of the Local Government Finance Act 1988 which could be used if the circumstances arise in England and Wales which required a limitation to be placed on the level of standard charges set by local authorities on second homes. The financial effects of a decision to limit the multiplier would be modest, since the total revenue generated by the charge in Scotland this year is likely to be between £9 million and £12 million - or about 1% of forecast income from all the community charges.

11. Proposal 8.2 would effectively restore the situation to what it was before 1 April 1989. It would resolve the problems described at 5.2 above, would alleviate the position of other problem groups such as those described at 5.5, and would reduce administration costs (5.7). The proposal is not likely to have a significant effect on revenue from the standard charge.

12. Proposal 8.3 is designed primarily to meet the situation in which owners of properties used as self-catering accommodation will be faced with a significant increase in the amount they have to pay (5.6). Representations have pointed to the limited income-generating potential of these homes as tourist accommodation and the fact that self-catering accommodation in complexes is subject to non-domestic rates which take income generating potential into account. The financial effects of taking these properties out of the standard charge would be balanced by the

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rates income they would generate. It is understood that similar action is proposed in England and Wales.

13. "Proposal 8.4 would give a period of statutory relief from the charge and would provide local authorities with the discretion to determine in individual cases what longer period of relief might be appropriate. It would, in particular, give people such as convalescents staying with their families a breathing space before a standard charge became payable to decide whether they wished to retain their own home in the long term. It would also enable relief to be given to unoccupied but unfurnished domestic church property, which in England and Wales it is proposed to exempt from the standard charge by means of regulations."

Legislative Requirements

14. To implement the proposal giving the Secretary of State power to prescribe the multiplier would require the repeal of section 10(7) of the 1987 Act which at present defines the term 'standard community charge multiplier' as a number not smaller than 1 nor greater than 2 which the local authority shall determine and its replacement with a definition of the multiplier as a number not greater than 2, or such other number, smaller than 2, which may be prescribed.

15. The proposal to exempt all unoccupied and unfurnished properties from the standard charge would require the repeal of section 10(8) to 10(8C) inclusive of the 1987 Act. Regulations could then be made under section 10(2) of the Act, which would exempt these properties from the standard charge.

16. The proposal relating to self-catering tourist accommodation could be achieved by regulations made under section 2(4) of the Act excluding such properties from the definition of domestic subjects. This would have the effect of moving such properties automatically into rating.

Summary of Recommendations

17. I invite Colleagues:

17.1 To note the problems which have emerged following the introduction of the standard community charge in Scotland summarised in paragraph 5 above; and

17.2 to agree to the proposals for amending the present standard community charge arrangements in Scotland summarised in paragraph 8 above.

MALCOLM RIFKIND

Scottish Office
June 1989

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PRIME MINISTER

UNIFORM BUSINESS RATE AND REVALUATION: TRANSITIONAL ARRANGEMENTS

In February I announced with colleagues' agreement (my minute to you of 29 November, your private secretary's reply of 12 December, the Chancellor's letter to me of 7 December and my reply of 23 December) our proposals for phasing in the effect of the uniform business rate and of the revaluation of non-domestic property and invited views. Having considered the responses and discussed the issues with the main bodies representing business, I have concluded that we need to amend the proposals in some respects.

THE ORIGINAL PROPOSALS

We have undertaken to fix the uniform rate so as to raise in 1990/91 broadly the same amount from business and nationalised industries in real terms as in 1989/90. Although the uniform rate and the revaluation will not increase the aggregate rate burden on business therefore, they lead to a major redistribution of that burden. Broadly, retailers will face increases, along with all businesses in some low-rated inner London boroughs: manufacturers, especially in the North and Midlands, are likely to gain. There is likely to be a very wide distribution round the average.

Against this background we had proposed that no property should face an increase in rates of more than 20% in real terms in 1990/91 and of 15% where the rateable value of the property in the new list was less than £7,500 in London and £5,000 elsewhere. These limits on increases would apply in each year up to 1994/95 by which time most properties would have reached their full rate bills. We left open the possibility that protection would be continued after 1995 for properties whose full increases had still not been phased in. These arrangements would apply only to existing properties.



In order to finance this protection for losers and to ensure that the effect of the transition on the yield from business rates was neutral, we proposed also to phase in reductions in bills for existing properties. The maximum reduction was to be about 10% a year in real terms and 15% for small properties (defined as above), the actual figures to be fixed later, when better information about the effects of revaluation was available, so as to balance the pool.

RESPONSE TO CONSULTATION

We have had a heavy response to these proposals. Although generally welcoming the decision to phase in the effect of the new system, business predictably complained that the caps on rate increases were too high and would cause many firms, especially retailers, financial difficulties. A majority of those responding said that the threshold which we proposed to define small properties was too low. There was a strong reaction from potential gainers that it was inequitable that they should be made to pay for the protection for losers and they argued that this protection should be funded by the Exchequer or, failing that, through a premium on the poundage. Significantly the Association of British Chambers of Commerce, which is more representative of business as a whole than any other body, argued for a premium. There was some pressure to extend the transition to new as well as existing properties, in order to avoid market distortions. Local authorities were concerned about their ability to implement such complex proposals and the associations, together with the professional institutions, also pressed for a premium on the poundage.

REVISED PROPOSALS

Treatment of Losers

I do not see any scope for ameliorating the effects on loser within a self-financing transitional scheme. Rate increases of this magnitude could have a severe effect on retailer whose profitability



is marginal, especially coming on top of the down-turn in retail sales. But for most retailers rents are a far more significant cost than rates and they have coped with rapidly rising rents for most of the 1980s. In view of the paramount need to ensure that gainers receive their gains at a reasonable rate, I propose that we retain the caps on losses of 20% and 15%.

However, the small business lobby has made a convincing case for raising the threshold used to define small properties. Our concern had been to avoid setting the threshold so high that multiple retailers, banks and building societies with many small outlets would benefit. But the evidence is that our proposed figures would exclude also many of the small shops in secondary locations and small industrial units which we would want to protect. So I propose that we should double the thresholds to £15,000 RV in London and £10,000 elsewhere in England. This is not as high as small business representatives wanted, but it should go some way to meeting their concerns. 78% of properties are estimated to fall below these thresholds, but these represent only 16% of aggregate rateable value in the new list and, under our existing proposals for phasing rate reductions, this more generous threshold would not affect the proposed limits on gains.

I am not convinced by arguments for extending transitional protection to new buildings. The purpose of this protection is to help existing occupiers facing increased bills. Occupiers of new buildings will know about their potential rate liabilities in advance. Indeed, I now propose that protection should lapse where there is a change of occupier of an existing building.

Treatment of Gainers

I am convinced, however, that we must enable businesses which can expect reduced rate bills to enjoy more of their gains earlier. Many manufacturers in the North who have long suffered from high rate poundages would see very substantial reductions in bills but for the

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transition - over 50% in many cases. Yet with inflation at present levels, in cash terms their bills are likely to fall by a mere 2% or so next April under our existing proposals. That is causing a lot of resentment and is alienating the very people who should support the policy, including the ABCC. And it means that the wider economic benefits of redistributing the rate burden will be very slow to come through.

I therefore propose that we do as many of the respondents to the consultation urged and pay for the protection for losers, in part at least, by a premium on the poundage. We considered and rejected this early last year, but at that stage it was not apparent that the reductions in bills in cash terms which gainers would receive under a self-financing scheme which phased both losses and gains would be so small. And, of course, we had not consulted publicly at that stage. The other benefit of a premium is that it makes the administrative task of local authorities simple, an important consideration given the many other burdens which our policies are placing on them at the moment.

In order to balance the pool in each year of the transition, a very high premium of about 9 pence in the pound - around 25% - would be needed in the first year, falling to 1 penny in year 5. The effect is exemplified in the figures prepared by the Inland Revenue at Annex A. Only 24% of properties gain in the first year on this approach, with 71% losing (compared with 40% and 53% respectively under our original proposals), though the number of gainers grows through the transitional period.

I do not believe that so large a premium in the early years is acceptable because it would mean increased bills for so many businesses which could otherwise expect to gain. Annex B therefore exemplifies the effect of a premium of 4p in year 1 falling to 1 penny in year 5. In order to eliminate the large deficit in the pool which would occur in the first year, a 20% limit in real terms on gains would be needed in that year only. Under this option 32% of

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properties would gain in the first year and 61% would lose, but the proportion of gainers would grow over time. The effect is that big gainers, most of them in manufacturing, get much more of their gains in the early years. Businesses which could expect small reductions or increases but for the transition will pay more at first, but the biggest losers - those whose increases are limited by the caps on losses, pay no more until the year in which they reach their full liability and at that stage the premium may have declined.

This latter scheme as exemplified produces small imbalances in the pool in each year, but these could be minimised by fixing the premium when we have more precise information to one place of decimals. It takes account of my proposal above to raise the threshold defining small properties for the purposes of protecting losers.

I propose that we should adopt a scheme on the lines of that in annex B. I believe that a premium at this modest level produces an acceptable distribution of losers and gainers in the early years. If you and other colleagues disagree, I see little alternative but to accept that part of the cost of protecting losers should be met by the Exchequer, because I do not think that our original proposals for phasing in gains are sustainable.

NEXT STEPS

If you and other colleagues agree these proposals I would aim to announce them in July, probably to coincide with the tabling of amendments to the Local Government and Housing Bill necessary to give them effect. Meanwhile the Inland Revenue are preparing a updated survey of the effects of the revaluation, based partly on a sample of actual revaluations rather than estimates. I should want to consider whether these proposals need fine-tuning in the light of the survey results, in consultation with Nigel Lawson. I would hope that we could publish those results at the time of my announcement.

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CONCLUSION

I should be grateful for your and colleagues' agreement:

- i. to retain limits on rate bill increases of 20% a year in real terms on large properties and 15% on small ones;
- ii. to increase the threshold for defining small properties to £15,000 RV in London and £10,000 elsewhere;
- iii. to limit protection to existing occupiers;
- iv. to finance this protection by a premium on the poundage, together with a 20% limit on rate reductions in real terms in 1990/91: the premium would be fixed in the light of the new survey being carried out by the Inland Revenue;

and for my announcing these conclusions in July when the necessary amendments to the Local Government and Housing Bill are ready.

I am sending copies to members of E(LF), to John Wakeham, David Waddington and to Sir Robin Butler.

PP NR

(Approved by the Secretary of State
and Signed in his Absence)

7 June 1989

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ANNEX A

Scheme A - England

Premiums are 9p, 4p, 2.5p, 1.5p, 1p. RV threshold is £15000 in London, £10000 elsewhere.

1. First Year Change

Numbers of properties (000)

Gainers	Small Properties	Large Properties	All Properties
50% or more	40	5	45
25% to 49%	125	30	155
5% to 24%	130	45	175
Total	295 (24.0%)	80 (23.5%)	375 (24.0%)
Little change	60 (5.0%)	15 (4.5%)	75 (5.0%)
Losers			
5% to 10%	30	10	60
11% to 20%	810	230	1040
Total	860 (71.0%)	245 (72.0%)	1100 (71.0%)
Overall Total	1215	340	1555

2. Five Year Changes

Numbers: thousands; Rate bills: £m

	Gainers		Little Change		Losers		Shortfall(-)/ Windfall(+)
	Numbers	Rate Bill	Numbers	Rate Bill	Numbers	Rate Bill	£m
1990-91	375	2100	75	500	1100	5590	-20
1991-92	495	2610	100	590	960	4980	-30
1992-93	540	2750	105	680	905	4800	+40
1993-94	575	2830	120	760	865	4630	+20
1994-95	590	2890	115	750	850	4580	+10

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ANNEX B

Scheme B - England

Premiums are 4p, 4p, 3p, 1p and 1p. RV threshold is £15000 in London, £10000 elsewhere. Caps on gainers of 20% apply in 1990-91.

1. First Year Change

Numbers of properties (000)			
Gainers	Small Properties	Large Properties	All Properties
50% or more	0	0	0
21% to 49%	0	0	0
5% to 20%	385	105	490
Total	385 (32.0%)	105 (31.0%)	490 (31.0%)
Little change	80 (7.0%)	25 (7.0%)	105 (7.0%)
Losers			
5% to 10%	55	15	70
11% to 20%	690	200	890
Total	745 (61.0%)	210 (62.0%)	960 (62.0%)
Overall Total	1215	340	1555

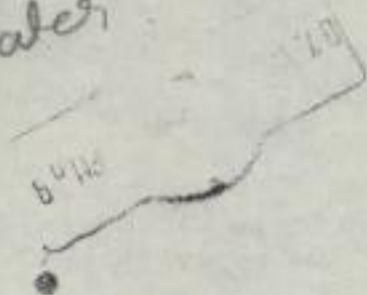
2. Five Year Changes

Numbers: thousands; Rate bills: £m

	Gainers		Little Change		Losers		Shortfall(-)/ Windfall(+)
	Numbers	Rate Bill	Numbers	Rate Bill	Numbers	Rate Bill	£m
1990-91	490	3130	105	590	960	4470	-10
1991-92	495	2610	105	590	960	4980	-30
1992-93	525	2670	105	700	925	4970	+130
1993-94	590	2890	115	750	850	4470	-90
1994-95	590	2890	115	750	850	4580	+10

Local Ant Pt 12

Later



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 June 1989

Dear Roger,

COMMUNITY CHARGE SAFETY NET

The Prime Minister yesterday met Tony Favell MP, David Gilroy Bevan MP and Jeremy Hanley MP at the House of Commons. Your Secretary of State and the Minister of State for Local Government were also present. The MPs had requested the meeting to express their worries about the impact of a community charge safety net.

I should be grateful if you and copy recipients would ensure that this letter is given only a restricted circulation.

John Wheeler MP had originally intended to attend the meeting, but was unable to do so. He did, however, let the Prime Minister have the enclosed note concerning the impact of the community charge in Westminster.

The main points made by the MPs were:

- they were strongly supportive of the principle of the community charge. But they were strongly opposed to an arrangement under which local charge payers in relatively low spending areas faced a safety net addition to their charge bill to finance the provision of local services in other relatively high spending areas.
- such transfers would be extremely difficult to defend politically against the background of the general rationale for the community charge of local charge payers meeting the costs of spending by their local authority. This was made the more difficult by the fact that individual community charge bills would highlight the extent of any safety net addition. This would be particularly difficult in cases where the safety net addition at or close to the presently envisaged maximum of £75 was greater than any excess charge on account of local over-spending. The £75 safety net cost would be viewed as an unfair imposition by central Government.

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- if the Government reached the judgment that it was necessary to give some degree of transitional relief to community charge payers in the high spending authorities the only fair way to implement this would be via the provision of an extra Government grant (financed by the generality of taxpayers) rather than by adding to the bills of charge payers in low spending areas via a self-financing community charge "pool". Tony Favell suggested that if the Exchequer was to fund transitional protection in this way, costs might be some £2 billion over the four year period.
- Ministers should consider very seriously the political consequences of the present safety net proposals.

In response, the Prime Minister and your Secretary of State said that no final decisions had been reached on the operation of the community charge safety net. This was one aspect of the complex set of issues to be settled in this year's local authority settlement, which would need to cover the total amount of grant, its distribution and the design and timetable for any transitional safety net arrangement. The Prime Minister added that, if extra grant was provided, the likelihood was that local authorities would then set their spending plans at a higher level than they would otherwise have done.

Following a further brief discussion, the MPs thanked the Prime Minister for listening to their concerns and left the meeting. The Prime Minister, your Secretary of State and the Minister of State then had a very brief discussion about the way forward. They agreed that, as part of the forthcoming E(LF) work programme, it would be necessary to consider the possibility of changes to the safety net arrangements.

I am copying this letter to Carys Evans (Chief Secretary's Office).

Yours,
Paul

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

Westminster and the Community Charge

The introduction of the community charge next April will redistribute the local domestic tax burden in Westminster. Some individuals will find that they have to pay less in community charge than they now pay in rates, while other people will find that their new community charge bill is more than their existing rate payment. Of course, some individuals will pay a community charge bill having not paid rates in the past.

Making some groups of people pay for local government for the first time, eg young people living at home, was a major reason for moving over to the new system. However, there are a number of other groups of individuals who will pay much more in local tax bills next April who might not be thought to be targets for the extra burden which community charge will bring.

Within the City of Westminster, many of the electors who will have to pay a much bigger local tax bill in 1990 live in marginal wards. A large number of these people are two adult owner occupier households. An important sub-set of these households are couples who have bought their homes off the Council. Almost all of these households are not on benefit, which suggests that **they are aspiring people who are in work and are thus most unlikely to qualify for community charge rebate.** This latter group includes many electors who, according to polling evidence, are likely to have changed their voting habits from Labour to Conservative following the purchase of their home.

Many couples living in smaller flats in mansion blocks throughout the City will also lose heavily. **Because the losses for many of these households will run to hundreds of pounds a year, the electoral consequences could be severe.**

Other groups of marginal electors who are likely to lose heavily include first-time voters living with their parents, the elderly living in smaller flats and Asian businesspeople and their families. Moreover, losses for these households will generally represent a larger proportion of household income than gains will represent in those homes which gain.

The examples on the separate sheet show, for two real households in Cavendish ward - one of the two most marginal in the City - the rates now paid and the expected community charge for 1990-91.

Example of two owner-occupied households in Holcroft Court, W1

Flat No	Electors	1989 rate bill (£)	1990 community charge (£)	LOSS (£)
75	2	538	840	302
83	5	633	2100	1467

Rates are those actually paid in 1989. Community charge is based on Chartered Institute of Public Finance & Accountancy estimates, as accepted as reasonable by the City.

Possible remedies which would lower Westminster's community charge include:

- (1) adjustments to the 'safety nets' which are being used from 1990-91 to 1994-95 to limit inter-authority shifts in resources
- (2) skewing needs assessments within the Revenue Support Grant so that Westminster's expenditure on education - taken over from high-spending ILEA - is adequately reflected
- (3) increasing the overall level of Revenue Support Grant.

The first two of these options could achieve a considerable improvement to Westminster's position without an increase in overall government support. The third option would lower the community charge generally, which would also help other marginal constituencies.

None of the proposed remedies would affect the principle that every adult would receive a community charge bill. The main aim of the reform would be achieved.



File
JA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 June 1989

Your ref:
DOMESTIC/C2902010019996/01

COMMUNITY CHARGE REGISTRATION

I write in response to your letter of 22 May addressed to Rooms 1st Floor, 10 Downing Street. I discussed this this morning with Ms. Sheehy in your office, who advised me that the form attached to your letter had been overtaken and could be disregarded. I understand that you will now shortly be issuing two new forms relating to the domestic parts of 10 Downing Street.

(PAUL GRAY)

D.J. Hopkins, Esq.

PRIME MINISTER

COMMUNITY CHARGE SAFETY NET -
MEETING OF BACKBENCHERS

You saw over the weekend the papers for tomorrow's meeting with Tony Favell and other backbench colleagues (below). I have now arranged, as you requested, for Nick Ridley and John Gummer to attend.

PG

5 June, 1989.

PERSONAL

RA

PRIME MINISTER

cc Mr. Taylor

YOUR COMMUNITY CHARGE LIABILITY

Over the weekend you kindly completed the relevant sections of the latest Community Charge form received from Westminster.

I have this morning had a further discussion with Westminster about exactly what forms they were sending out. You may recall that the reminder form you had at the weekend had been addressed to "Rooms First Floor, 10 Downing Street". Westminster now tell me this reminder was a mistake, and that this form should be ignored.

Their latest plan is to send two separate forms to Number 10 relating to the domestic parts of the building. The non-domestic parts are being dealt with separately. The first would be specifically for your flat. The second would be for Peter Taylor's flat. The reason for separate forms is the thought that there is no necessary reason why the "tenancy" of the two flats should change at the same time! So if both flats were covered by the single form there could be complexities as and when the time came to record changes of occupancy. Having talked this through with the Westminster officials, I have agreed with them that this revised procedure would be best. So Westminster now plan to send the two new forms to us later this week.

I am afraid this means your efforts in completing the form over the weekend were wasted. Apologies. I will let you have the new form specifically related to your flat when it arrives.

A good practice run!
nt

Recd.

PAUL GRAY

5 June 1989

PERSONAL

PRIME MINISTER

COMMUNITY CHARGE SAFETY NET -
MEETING OF BACKBENCHERS

You saw over the weekend the papers for tomorrow's meeting with Tony Favell and other backbench colleagues (below). I have now arranged, as you requested, for Nick Ridley and John Gummer to attend.

Feb.

PG

5 June, 1989.

cc backup

PRIME MINISTERCOMMUNITY CHARGE SAFETY NET - MEETING WITH BACKBENCHERS

Tony Favell and a number of other of your backbench colleagues have been pressing for a meeting to air their concerns about the community charge safety net. Mark has arranged for them to see you at the House next Tuesday after Questions and your NATO statement.

Their worry is that the operation of the safety net will adversely affect their position in marginal seats. The note from Tony Favell at Flag A attaches an analysis prepared by the House of Commons library showing the more general impact on the Conservative-held marginals of the safety net exemplifications.

Nick Ridley has provided some briefing for the meeting at Flag B below. This comprises a short background note together with individual notes on the constituency positions for the four colleagues coming to see you. He recommends that you respond at Tuesday's meeting by saying:

- you sympathise with their points and will carefully consider them
- decisions on the safety net have to be considered within the general context of the 1990-91 local authority grant settlement
- some other Conservative Members with marginal seats benefit from the safety net.

Nick Ridley also suggests that he and John Gummer might attend the meeting. ✓

I am sure it is right that you should do little more at this stage than note the concerns expressed and say that you will

consider them. We are not yet far enough into the local authority grant discussions to assess whether the safety net arrangements should be reconsidered. But this is obviously an issue you will want to look at in the meetings of E(LF) later this month. It may be that a further look at this is desirable - as you concluded last year with the second round decision to do away with dual running in London - but it is too soon to give any hint of that to backbench colleagues now.

The one issue that needs to be settled before Tuesday's meeting is who should attend:

i) Do you want Nick Ridley and John Gummer to come?

or

Yes not

ii) Prefer to see the backbench group alone?

PG

Paul Gray

2 June 1989

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

5 June 1989

Dear David,

COMMUNITY CHARGE CAPPING IN SCOTLAND

The Prime Minister has seen the recent exchanges on this issue, initiated by the Chief Secretary in his letter of 3 May.

She sympathises with the views expressed by the Chief Secretary and the Secretary of State for the Environment in support of some degree of community charge capping in Scotland. But having studied the papers she has noted that:

- (i) some of the authorities proposed for capping have expenditure per head below average; and Glasgow's charge is well below that of Edinburgh;
- (ii) the timetable for introducing capping is now extremely difficult;
- (iii) the legal advice suggests there are doubts about the prospects of success in a judicial review.

Against that background, and in particular the third point, the Prime Minister is inclined to the view that no further action should be taken in Scotland this year on the possibility of capping. But she believes it is most important to make clear that this decision has no bearing on the possibility of capping in the first year of the community charge in England and Wales.

I am copying this letter to Roger Bright (Department of the Environment), Stephen Haddrill (Department of Energy), Stephen Williams (Welsh Office), Carys Evans (Chief Secretary's Office) and Trevor Woolley (Cabinet Office).

*Yours,
Paul*

(PAUL GRAY)

David Crawley, Esq.,
Scottish Office.

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2 June 1989

COMMUNITY CHARGE CAPPING

We have nothing to add to Andrew Dunlop's note except a crucial practical point about timing.

The Treasury initially proposed action in April, envisaging it all being settled by end June. But there has already been a month's slippage and there must be real doubt as to whether the capping process, if a decision to proceed was taken soon, could be completed by the summer recess. Anything later than that would be out of the question.

But even a conclusion as late as July could prove very embarrassing if it got caught up in the end of session logjam. (Affirmative resolutions, one for each capped authority, are needed). Such lateness could also be open to challenge on grounds of unreasonable disruption of authorities' expenditure plans so far into the financial year.

Example:

Assume decision to proceed taken one week today.	9 June
A week to prepare watertight letters to capped authorities.	16 June
4 weeks for representations and for further consideration of these.	14 July

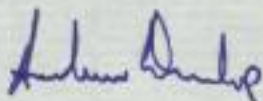
Preparation and debate of
affirmative resolutions and
associated regulations - say
two weeks.

28 July

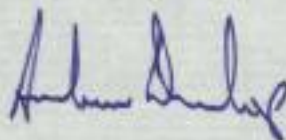
This already takes one right up to the recess without allowing for any slippage eg through authorities' delaying tactics or legal challenge as to the Government's interpretation of "unreasonable" expenditure.

Conclusion

Capping is already a risky venture on purely political grounds. But the lateness of the hour now adds a further degree of risk. We believe that it would be wise to avoid it.



PP JOHN MILLS



ANDREW DUNLOP

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PRIME MINISTER

COMMUNITY CHARGE CAPPING IN SCOTLAND

You saw a fortnight ago some papers on the possibility of selective community charge capping in Scotland. The issues were summarised in my earlier note below, attaching the detailed papers at Flags A-D. The Policy Unit had recommended you to support Malcolm Rifkind's view that there should be no capping this year; but you preferred to leave colleagues to sort the issue out. I did not therefore minute out any comments.

There have now been some further exchanges on this issue, which shows no sign of being resolved. These further notes are immediately below this minute and comprise:-

- at 'I' a further note from Nick Ridley expressing his worries about Malcolm Rifkind's idea of making a statement explaining why no capping in Scotland was being undertaken this year; he feels that would give rise to a clear expectation of no capping in England in 1990-91. *Amid*
- at 'II' John Major has come back arguing strongly for his original proposal of some degree of capping. He seeks to counter arguments put forward by Malcolm Rifkind, and wants an urgent decision to cap the worst over-spenders.
- at 'III' the Policy Unit reinforce their view that capping would not be appropriate, and argue that the delays thus far strengthen the case against capping.

Since colleagues are deadlocked on this it may become more difficult for you to express no view on the matter (although in practice, given that the time available to introduce capping is running out, continued silence on your part is

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likely to favour Malcolm Rifkind's opposition to capping).

Would you prefer:

- i) to continue to leave colleagues to argue about this (and probably thereby allow the capping possibility to run out of time)?

or

- ii) to express support for Malcolm Rifkind as recommended by the Policy Unit?

or

- iii) to support John Major?

or

- iv) to suggest a small meeting (very difficult in diary terms)?

Recd.

Paul Gray

2 June 1989

*Instructionally I am with Mike
Ridley & John Major. But*

a close look at the figures reveals

*that (i) some of the proposed
'capping' authorities have
expenditure per head below average.
Further Glasgow's charge is well below that
of Edinburgh*

*(ii) the time factor is now virtually impossible
and (iii) legal opinion seems to be doubtful about
our chances of winning a judicial review.
If the latter is correct - that settles the
matter.*

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*On all 3 factors - I am inclined
therefore to take no further action in Scotland but to make*

MJ2DRK

*English decisions not
relevant to decision
on election*

PERSONAL

PRIME MINISTER

COMMUNITY CHARGE

When you were in the Private Office this morning I showed you the latest registration form received from Westminster. This is now attached.

I have been unable to establish with Westminster during the day whether this is the only form being sent to Number 10; they will confirm the position early next week. But as far as I am aware there are no other forms around - unless one has been sent addressed to DT. I have told Westminster that, if they were planning to issue several forms to Number 10, it would be much simpler for them to change tack and for us to operate with just a single form.

On that basis, you and DT may like to complete your entries in part two of the attached form, and you might also sign the declaration at part seven. There is no need for you to fill in any of the other parts. I will then discuss with Peter Taylor whether or not he opts to include his name in part two, and will also arrange for appropriate entries in parts six and eight. We will then return the form to Westminster later next week once all the details are sorted out.

Content to complete parts two and seven, and for me to sort out completion of the remainder of the form and to return it to Westminster?

Phc 6.

PAUL GRAY
2 June 1989

DS3AIW

Completed
not

PERSONAL

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PRIME MINISTER

MEETING WITH COLLEAGUES ON THE COMMUNITY CHARGE SAFETY NET - TUESDAY
6 JUNE

You are due to meet John Wheeler, Jeremy Hanley, David Gilroy Bevan and Tony Favell on 6 June to discuss the impact of the safety net on their constituencies. All of them are substantial contributors to the safety net and all of them have marginal seats.

/ I attach a background note on the safety net and possible options for change as well as individual notes on the figures for each of the four constituencies. (The latter are based on 1988/9 local authority expenditure - we have yet to publish 1989/90 figures.)

John Gummer and I would be delighted to come along for the meeting itself. My advice is that you should make three points:

- You have every sympathy with the points raised and will obviously give them careful consideration;
- Decisions on the safety net have to be considered in the wider context of decisions on next year's grant; and
- They will be aware that other colleagues with marginal seats - for instance in parts of Lancashire and Inner London - benefit from the safety net and we have to consider their interests as well.

R Butler

pp N R

/ June 1989

*(approved by the Secretary of State
and signed in his absence)*

THE SAFETY NET - Background Note

Purpose of safety net

1. The introduction of the community charge in 1990/91 will have two major impacts:

- the change from rates to the community charge as the basis of paying for local authority services will mean a redistribution of payments between individuals and households;
- consequent changes in the grant system and non-domestic rates, particularly the ending of resource equalisation will mean a redistribution of the burden between local authority areas.

2. The safety net is intended to ensure that, as far as possible, only the first of these changes comes through in 1990/91. The changes in the grant system will be phased in over later years. It is not possible to provide safety nets to individuals or households. It has been considered that the burden of both changes in one year would be too great for some households.

Requirements of the 1988 Act

3. The 1988 Local Government Finance Act makes provision for transitional adjustments to grant which would be used to implement the safety net. The safety net must be self financing, there must be positive and negative adjustments which sum to zero. So if some authorities are to receive a safety net grant, others must lose grant through the safety net. The transitional adjustments are paid to or from each area's collection fund and not to or from individual authorities.

4. Safety net adjustments can be made in four years, starting in 1990/91. We have generally assumed that the safety net will be phased out in equal instalments, over four years but the Act does not require this. It could be phased out more quickly or on an uneven profile.

Public commitments

5. Ministers have said publicly that the safety net will operate so that, as far as possible, the burden on the domestic sector in any area will be broadly the same in real terms as in 1989/90, for consistent levels of spending. This has generally been interpreted as meaning that 1990/91 community charges should be the same in real terms as average 1989/90 rate bills per adult.

6. Ministers have also said that there will be a maximum contribution to the safety net of £75 per adult in 1990/91. This will be financed by a flat rate per adult reduction in safety net adjustments for those areas receiving extra grant from the safety net.

7. Both of these features were built into the published illustrative charges for 1988/89.

8. Ministers have further said that they will use the safety net to protect authorities from the effects of the abolition of ILEA and ring fencing of the Housing Revenue Account. The safety net would also limit the effect of new 'needs' assessments.

Possible modifications

9. The safety net could be phased out more quickly than four years so that changes come through more quickly. Part of the change could be allowed to come through in 1990/91.

10. The maximum contribution to the safety net could be reduced to, say, £50, but that would mean less of a safety net for areas benefitting from the net.

11. A maximum charge after the safety net of, say £350. This would not necessarily deliver charges of £350 on the ground, but if authorities spent at or below the spending level assumed for the safety net calculation, their charge could be £350 or less.

WESTMINSTER 1988/9 COMMUNITY CHARGE FIGURES

Average rate bill	- £793 -
First year community charge (1990/1)	- £448
Final year community charge (1994/5)	- £373 -
<u>Contribution to Safety Net</u>	- £75
UBR	- 45.9%
<u>Underspend by Westminster Council</u>	- £50 -
Overspend by ILEA	- £218 -
Overspend by London Fire	- £3 -
Local income tax rate	- 10.7p -
Local income tax bill for single person on male average earnings	-£1082 //
Capital value plus local income tax bill for single person on male average earnings (£12,725) living in home worth £70,000 (80/20 basis)	-£1157 //

All figures based on 1988/9 spending levels

1. On these figures the average two adult household in Westminster would be about £2 a week worse off in year one. Without ILEA's £218 overspend they would be over £6 a week better off. With the safety net unwound they would be nearly £1 a week better off or over £9 a week better without ILEA's overspend. [However, not even the Conservative Inner London boroughs believe they can get rid of all - or even most - of ILEA's notional overspend.]

2. The business rate poundage would rise by 45.9%.

3. A ward sister might pay over £20 a week in local income tax or over £22 a week under Labour's two tax system, compared with over £7 a week final year community charge (all figures unsafety netted).

RICHMOND 1988/9 COMMUNITY CHARGE FIGURES - JEREMY HANLEY

Average rate bill	- £604
First year community charge (1990/1)	- £325
Final year community charge (1994/5)	- £259
<u>Contribution to Safety Net</u>	- £66
UBR	- 13.7%
<u>Overspend by Richmond Council</u>	- £54
Overspend by London Fire	- £3
Local income tax rate	- 6.9p
Local income tax bill for single person on male average earnings	- £696
Capital value plus local income tax bill for single person on male average earnings (£12,725) living in home worth £70,000 (80/20 basis)	- £778

75

57

All figures based on 1988/9 spending levels

1. The average two adult household in Richmond would be nearly £1 a week worse off in 1990 on these figures. Without Richmond Council's £54 per adult overspend they would be over £1 a week better off. With the safety net removed they would be nearly £2 a week better off or nearly £4 a week better off without Richmond Council's overspend.
2. The UBR would put the business rate poundage up by 13.7%.
3. A ward sister living in Richmond might pay over £13 a week in local income tax, or around £15 a week under Labour's two tax proposals. This compares with about £5 a week in community charge (all unsafety netted figures).

BIRMINGHAM 1988/9 COMMUNITY CHARGE FIGURES - DAVID GILROY BEVAN

Average rate bill	- £542
First year community charge (1990/1)	- £275
Final year community charge (1994/5)	- £218
<u>Contribution to safety net</u>	- £57
UBR	- -5%
Overspend by Birmingham City Council	- £13
Overspend by West Midlands Fire	- £2
Overspend by West Midlands Police	- £2
<u>Underspend by West Midlands Transport</u>	- £1
Local income tax rate	- 5.5p
Local income tax bill for single person on male average earnings	- £560
Capital value plus local income tax bill for single person on male average earnings (£12,725) living in home worth £50,000 (80/20 basis)	- £492

All figures based on 1988/9 spending levels

1. The average two adult household in Birmingham would see little change in their bills in the first year. With the safety net gone they would be about £2 a week better off. [Birmingham's safety net contribution has been portrayed locally as a subsidy to high spending London boroughs.]

2. The business rate poundage falls by 5%.

3. A ward sister might pay nearly £11 a week in local income tax or about £9.50 a week under Labour's two tax proposals. This compares with just over £5 a week in community charge (all figures unsafety netted).

STOCKPORT 1988/9 COMMUNITY CHARGE FIGURES - TONY FAVELL

Average rate bill	- £541
First year community charge (1990/1)	- £278
Final year community charge (1994/5)	- £223
<u>Contribution to safety net</u>	- <u>£55</u>
UBR	- -3.7%
Overspend by Stockport Council	- £12
Overspend by Greater Manchester Fire	- £4
Overspend by Greater Manchester Transport	- £4
Overspend by Greater Manchester Police	- £1
Local income tax rate	- 5.7p
Local income tax bill for single person on male average earnings	- £577
Capital value plus local income tax bill for single person on male average earnings (£12,725) living in home worth £40,000 (80/20 basis)	- £426

All figures based on 1988/9 spending levels

1. On these figures the average two adult household living in Stockport would see little change in their bill in the first year. With the safety net gone they would be nearly £2 a week better off.

2. The business rate poundage falls by 3.7%.

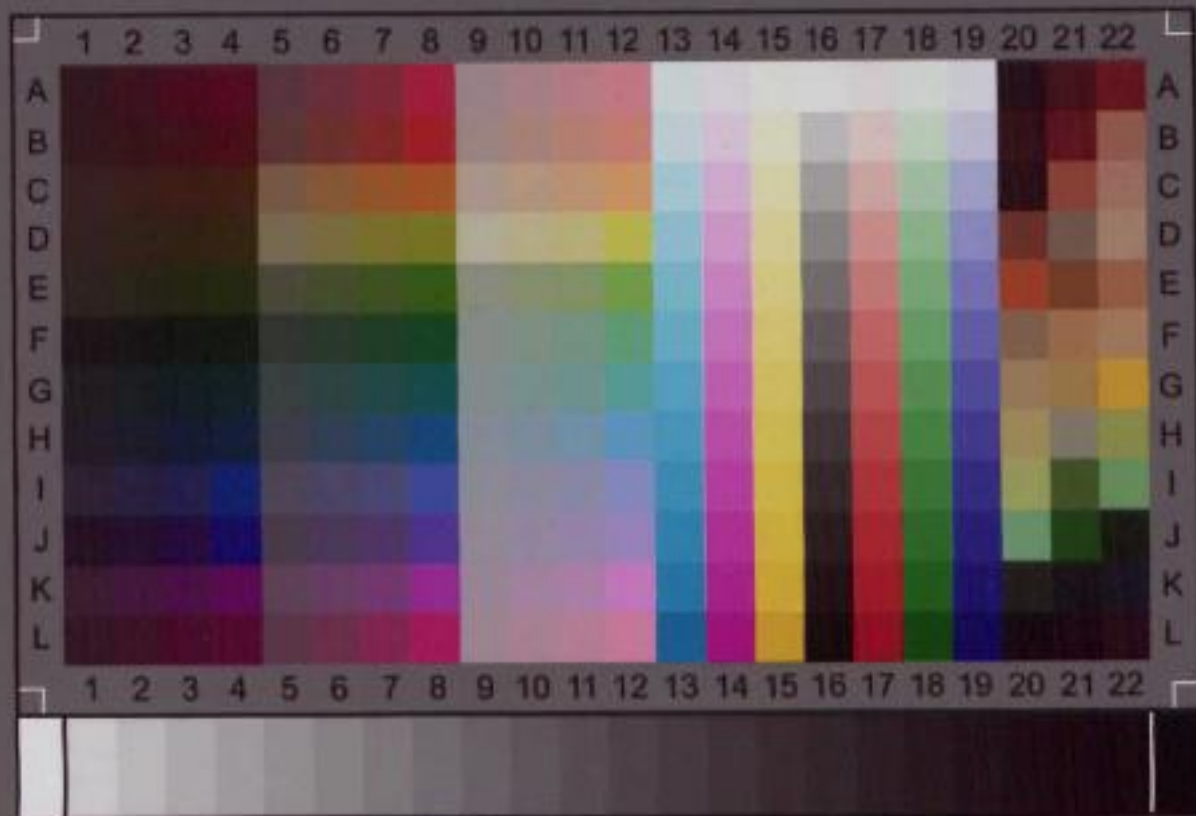
3. A ward sister might pay around £11 a week in local income tax or just over £8 a week under Labour's two tax proposals compared with just over £4 a week community charge (all figures unsafety netted).

PART 12. ends:-

CST to SS/Scotland 31/5/89

PART 13. begins:-

SS/DOE to PM 1.6.89.



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