

PO-CH/NL/0251

PART B

Part B

SECRET

(Circulate under cover and
notify REGISTRY of movement)

Begins: 6/11/87.
Ends: 19/11/87.

PO -CH /NL/0251

PART B

Chancellor's (Lawson) Papers:

THE COMMUNITY CHARGE AND
SETTLEMENT OF THE RATE
SUPPORT GRANT SYSTEM

Disposal Directions: 25 Years

27/9/95.

PO -CH /NL/0251
PART B

SECRET AND PERSONAL

FROM: A G TYRIE
 DATE: 6 NOVEMBER 1987

CHANCELLOR

cc Chief Secretary
 Sir P Middleton
 Mr F E R Butler
 Mr J Anson
 Mr P Cropper
 Mr M Call

COMMUNITY CHARGE: A MODIFIED SAFETY NET

It took me a while to grasp Mr Ridley's latest wheeze, even with Mr Fellget's assistance.

It is superficially attractive and hence pretty pernicious. At a glance it looks as if these proposals tackle the 'hump' but in practice they don't. By 'the hump' I mean the sharp rise in the local tax bills for many people, under a safety net with no transitional arrangements, which would wither away (and become a dip in many cases) as the safety net is withdrawn.

Mr Ridley's scheme does, of course, shave a lot off the 'hump' of those worst hit. It looks like a sweetener for our supporters in the Shires. Those local authorities are the ones most vociferous in demanding implementation without transitional arrangements, probably stirred up by Howard and co. But our key point must be that the sweetener will not go to the people about whom we should be most concerned in the run up to an election.

There are several lines you could take to try and scotch this plan:

- i. Only 39 boroughs benefit from the proposal out of over 200 who would suffer from the 'hump'. Even those 39 see only a reduction in the 'hump' not an end to it. The small scale of the scheme should be obvious from the sums involved: a £75 million sweetener tackling £1 billion of 'safety net problem' in year one.

6 NOVEMBER
 TYRIE - CH/EX
 MODIFIED
 SAFETY NET

ii. Nor are the 39 boroughs the ones which will cause the most political concern. These are almost all in safe seats. It is among the remaining 180 odd that the real political problem lies. Among these are many of the key marginal seats for the next election (if you would find it helpful I could draw up a list of some key marginal seats which would still be hit by the 'hump' under the these proposals*).

iii. What possible public justification can we give for a whip round among all community charge payers (the £3 increase) and the redistribution of this cash among some of the 40 odd wealthiest boroughs in the country? What explanation can we give to a hand out to South Bucks, Epsom and Chiltern etc? That is Mr Ridley's proposal. Ironically, even if we got away with the rumpus that would be caused by such politicking and gleaned a bit of good-will from our troops in these boroughs their thanks would probably turn to criticism when many of them realised that they still faced a substantial 'hump'.

In fact Mr Ridley is suggesting that we pour money into these safe seats because our local government troops in them are (probably because they don't understand the safety net) demanding immediate implementation. Our task should be to educate them not buy them off with a sweetener today which could turn sour in their mouths tomorrow anyway.

iv. Mr Ridley is also proposing running two systems for London. 10 boroughs would be forced to keep rates, the rest not - quite a nice political trick to hand the Labour party!

v. Mr Ridley has been opposing transitional arrangements because they weaken accountability but this sophisticated scheme destroys the last vestige of accountability in the system.

*DOE have not provided us with the necessary exemplification to examine the full effects of this 'hump'. We have been given (in Annex B) exemplification for 50 odd boroughs. We need exemplification for the rest.

vi. As it stands Mr Ridley's proposal leaves unanswered legitimate Treasury fears that the shock of introduction with no transition would lead to appalling public expenditure pressure. We would be asked to bail out hard cases. This is quite apart from the likely shortfalls from local authorities who are deliberately obstructive and who fail to collect the new charge properly. Most of the Treasury's arguments in July still apply.

I agree with official advice that you should write to the Prime Minister before the meeting. If you do so I think you need to spell out as simply as possible:

- Why the safety net causes a 'hump'. (Has she fully grasped this?)
- Why the 'hump' would be so electorally damaging in the early 1990s. You could perhaps add some exemplification for key political seats.
- Why Mr Ridley's £75 modification does very little to mitigate the electoral problems, and creates a new problem, a difficult to justify whip round for South Bucks and co.

You might find it useful to have a meeting before E(LF). This looks like Mr Ridley's best chance of winning and you need to be well armed.

One further thought: might not the Paymaster General, [redacted] in view of his new responsibilities, find it useful to get involved in all this, particularly in view of the electoral implications of ii? Annex C might also get him interested. Westminster faces a large 'hump'!

AGT.

A G TYRIE

SECRET AND PERSONAL

CHANCELLOR

FROM: A G TYRIE
 DATE: 6 NOVEMBER 1987
 cc Chief Secretary
 Sir P Middleton
 Mr F E R Butler
 Mr J Anson
 Mr P Cropper
 Mr M Call

COMMUNITY CHARGE: TRANSITION

I have just seen the Chief Secretary's note on Mr Ridley's proposals.

I entirely agree with the Chief Secretary that Mr Ridley's proposals for London result in absurd anomalies and are a soft spot for attack. But I do not think we can use this as ^athe vehicle for getting at the package as a whole. If we confined our attacks to the London problem Mr Ridley would take it as tantamount to endorsement, in principle, of immediate implementation for the rest of the country.

Although it would not be easy Mr Ridley would eventually find some scheme for London that would be acceptable to colleagues, even if it meant throwing the last shreds of accountability out of the window in the area where theory would suggest it is most needed. That would be the end of ^{the}negotiating road and we would have lost on transition. In my view we can only win if we take these proposals head on: they put at risk our electoral chances at the next election. We need points on the marginals and showing how E(LF) members are affected. Croydon has a £63 'hump'. How does that suit Mr Moore?

A.G.

A G TYRIE

6 NOVEMBER
TYRIE - C/1/87



FROM: A C S ALLAN
DATE: 6 NOVEMBER 1987

CHANCELLOR

COMMUNITY CHARGE: TRANSITION

Notes below from the Chief Secretary and Andrew Tyrie.

2. I think the Chief Secretary is right to attack the absurd proposals for London: they mean nine inner London labour authorities start with a poll tax of £100, while neighbouring Barnet, Kensington, and Westminster start with ones of £300, £400 and £500 respectively. I take Andrew's point about the possible risk of ending up with transitional arrangements for London and immediate introduction elsewhere. But, at the end of the day, wouldn't sensible arrangements for London be better than nothing at all?

3. One point I would stress is the impact on those who don't pay rates at all now. That is where a lot of the attack will come from (in the country, even if not from your back-benchers). The Green Paper proposed phasing in the community charge initially at £50 per head. You have already raised that to £100. Now what is proposed takes it to £200 in a lot of areas, and much higher in some. One major plank of the case for a transition is that hitting single people, or grown-up children or grannies, with a bill as large as that in year one is going to intensify the opposition.

4. Andrew's points about the "hump" are valid but tricky to get across. The main point I would stress is that it means that many areas start with a poll tax higher than they will end up with. These are by definition low spending, high rateable value areas -ie presumably your supporters. When your canvassers go to the doorstep and say "don't worry, as the safety net is phased out your poll tax bill will fall", will they be believed?

[Handwritten notes in red ink:]
[404 X]
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see how
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matter, but
low tax
621]
* * *
You - par
Small
Mon
CS/para (if you)
Act/ARSA/
Felgata
Roth



5. Where you have to be a bit careful is in arguing that phasing out rates automatically produces a smoother profile for household bills. Take Barnet, for example, (flagged). For a two adult household with average rateable value, the total household bill falls more smoothly with a full community charge introduced immediately than with it phased in.

6. A few other points about the safety net. Much of the language in Mr Ridley's paper is about helping people out because of problems caused by the safety net (eg para 21(ii)). But what the safety net does is ensure that the total amount raised from local taxes in an authority is unchanged - ie it is reducing the rate at which South Bucks gains, not taking money away from it.

7. I take Andrew's points about the £75 wheeze being difficult to justify. But I'm not sure that it's something you need necessarily oppose. It is fairly small beer, and doesn't have particularly damaging effects outside the areas who benefit.

8. As I mentioned to you, I would lay off any arguments about equivalent to Xp on or off income tax.

9. I think a small meeting on Monday would be useful to sort out which points you want to make in a minute to the PM.

AA

A C S ALLAN

draft attached (may be a bit strong)

X / as per [unclear] [unclear] [unclear]

DRAFT MINUTE TO PRIME MINISTER

COMMUNITY CHARGE: TRANSITION

I have seen Nick Ridley's paper E(LF) (87)45, with his new proposals for the transitional arrangements for the community charge.

I cannot see how we could justify the bizarre pattern of charges which it produces, especially in London. He rightly acknowledges that immediate introduction is not a possibility in the high spending London boroughs, and that we could not afford to risk letting them opt out immediately. But what he now proposes has the effect that the initial community charge in the nine inner London (Labour) authorities who are required to have dual-running is fixed at £100, whereas it is very much larger in neighbouring authorities where the community charge is introduced immediately. It would be, for example, £297 in Barnet, £391, in Kensington and Chelsea and £471 in Westminster.

Even if the last two can make savings from opting out of ILEA, the differences will still be very large. On his figures, a lodger in Earls Court would face a personal bill of £391 whereas in Hammersmith his bill would be only £100. A family with three grown-up children would have to pay an extra £1,413 in year one in Pimlico, but only £300 in Islington. I do not see how we could defend those results. And they would further add to the problems of enforceability among the very mobile population of inner London.

Elsewhere, the problems which the Chief Secretary set out in his paper E(LF) (87)32 remain. In many areas with low spending but high rateable values, the initial community charge would be much higher than the eventual level when the safety net is phased out. In Barnet, it would initially be £297 but would then fall to £222; in Elmbridge it would fall from £314 to £239. Will people in these areas believe us when we assure them that the initial level of the community charge is high, but it will fall?

Not having a safety net is no answer: that merely reopens the speed of the transfer from the North to the South, which we have rightly

PM's NOV 1987

pmc

CENTRAL OFFICE OF INFORMATION

cc. (without attachments)

PS/Chancellor

PS/Chief Secretary

Mr Anson
Mr Felgett
Mrs Wiseman

14
From the Director General

PS/Paymaster General
HM Treasury

9/11/87

COMMUNITY CHARGE PUBLICITY: OPPOSITION CRITICISM

As the PMG is aware, Mr Jeff Rooker has written to the Prime Minister complaining that COI has misused public funds in producing, on behalf of DOE, a booklet on the Community Charge before legislation has been agreed by Parliament.

A draft reply to Mr Rooker has yet to be agreed between the Prime Minister's Press Secretary and myself, but we are in discussion with DOE both about the general reply to be given to Mr Rooker as well as the preparation of possible supplementary answers, given that Mr Rooker will have an early opportunity to question the Prime Minister tomorrow.

The General Background

The reaction of the Opposition to publicity ahead of legislation is an inevitable sensitivity at all times, but it is obviously particularly so when it concerns the DOE because of the background of the Widdicombe Enquiry and the proposed legislation curbing publicity activities of Local Authorities.

When COI was asked to prepare both a leaflet and video as part of a wide-ranging campaign to explain the proposals for the Community Charge, we did in fact point out to DOE that there were dangers and suggested that it would be safer to seek the Lord President's view, given the context. My Deputy pointed out to DOE that we had misgivings about some of the text proposed and generally advised against a "popular" approach. We understand that similar advice was given to DOE Ministers by their own officials but it was nevertheless decided by Ministers that a leaflet and a video should be prepared by COI. There was subsequent discussion on a number of detailed points with strong advice from COI to delete from the leaflet and the video material

which Ministers had earlier wished included. Our advice was taken subsequently, areas of potential controversy were deleted and additional qualifications were built-in to the soundtrack of the video to ensure that references to the Community Charge related to "proposals" and "... subject to legislation ..." etc.

Because of the number of times we have found that we have to spell out the reason for sensitivity over publicity matters, and particularly because of the very difficult discussions we had with DOE, I decided I would recirculate material on conventions and this I did on 30th July, copying to all Heads of Information. I attach this material as general background for the PMG.

One of the problems about COI's exercising a propriety role against the standard conventions is that we only have a role where departments use COI for publicity spending. I am not using this as an argument against untying; however, it has to be recognised that both as a result of FMI and the freedom of departments to spend their money directly with contractors, the central propriety role of COI is inevitably diminished, though I do not propose going into anywhere near this amount of detail in the background note to the Prime Minister.

Specific Responses

As the material was subsequently amended and produced, I do not believe that the Community Charge leaflet or the video breach the Widdicombe conventions. Any note to the Prime Minister will make that perfectly clear.

We are on slightly difficult ground in having to answer Mr Rooker's charge that nevertheless we have moved the goal-posts as it were. While Mr Rooker is incorrect in saying that the Widdicombe guidelines make it clear that COI publications should only be issued after publication of a Bill or White Paper,

it is a bit unfortunate that my Deputy has been correctly quoted as saying to the Treasury and Civil Service Select Committee "... and in the case of legislation, funds are not deployed until after the Royal Assent."

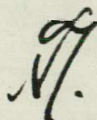
What Miss Jefferies should have said, of course, is that publicity material usually follows from legislation. Almost certainly Miss Jefferies intended also to make clear that the conventions ruled out any "paid advertising campaigns" which might, for example, tell the public of new entitlements or benefits which prospective legislation may give them. However, the records of the Committee hearing quote Miss Jefferies as only making a general comment about Royal Assent and publicity and I am afraid, therefore, that we are "stuck" with her words and will have to qualify them as best we can.

Other Possible Dangers

No doubt the PMG will have noted that a large number of PQs have been tabled by Mr Jerry Hayes on the size and cost of Information Divisions in all departments (and asking for costs for COI as well). This, plus the Jeff Rooker allegations, will inevitably mean a more intense spotlight on Government publicity spending and, in this context, the recent Winter Supplementary for COI will no doubt draw fire as well. Lastly, it seems sensible that I endeavour to keep the PMG more closely informed about publicity issues. I have endeavoured not to over-burden the Minister with notes about my rather more restricted custodianship of COI. It is inevitable that someone will want to make mischief out of the fact that the Minister is responsible both for the Chairmanship of the Party and the COI, thereby raising more suspicion than usual that COI is being misused for Party political propaganda.

I am sorry that this has inevitably meant a rather long background note to the Minister. I felt it necessary on this

occasion to provide more background than will be included in the note which I shall be putting forward for Mr Ingham and the Prime Minister, once we have reached agreement on various forms of words with the DOE.



Neville Taylor
9th November 1987



Thank. shift
 I have shift
 of ~~the~~ CSI letter
 quick thoughts.

Don't care & shift
 Accommodate, but

Physically
 sensitive

Count on
 answer & answers
 types to think in

The number go
 ABAP.
 will then
 know some
 that would,
 who I had like
 to see for.
 CST system

10/11/87. par

DRAFT MINUTE TO THE PRIME MINISTER

COMMUNITY CHARGE: TRANSITION

I have seen Nick Ridley's latest proposals in E(LF) (87)45 for the transition to the community charge.

I am glad to see that he now rules out allowing authorities the choice of whether to have dual running or not; and that he ~~now~~ accepts that there are some areas, in inner London in particular, where we cannot introduce the community charge immediately. And I accept his proposal that contributions to the safety net could be capped at £75 per head, so as to bring forward some of the gains in parts of the South.

But I believe his new proposals still leave us exposed to unacceptable political risks. I do not see how we could justify the capricious changes in local taxation which would follow.

I can understand why many boroughs and districts would prefer not to have the complication of dual running; and they have persuaded many of our backbenchers of this. But that is not a good enough reason for us to overturn the decisions we took and announced in July, that people in all areas of England need time to adjust. People, not councils, have votes. The community charge involves the redistribution of some £6 billion in local taxes between individuals in England. More people will pay; and there will be more losers than gainers. Such changes must therefore be introduced gradually and carefully if we are to avoid major problems.

As Nick Ridley says, the safety net handles the phasing of the changes in the burden of domestic taxation between areas. But dual running is essential to ease the transition to the community charge within each local authority. This is not just a London problem; it is also crucial for other politically ~~sensitive~~ ^{critical} areas, ~~such as~~ ^{notably} the North West.

The proposal to switch to the community charge immediately in most of the country would ^{also} ~~increase~~ ^{guarantee} the size of ^{individual} losses in 1990-91. And it would ^{also} introduce ^{additional major} new losers among people who, once the phasing out of the safety net ^{is} complete, ~~will~~ see their local tax bills little changed. For example, a couple with one of their parents living with them, who occupy an average house in Cambridge would face an immediate increase in local tax bills of about ~~£250~~ ^{£250} (nearly 50 per cent), even though by 1994-95 their tax bill would have fallen back to its present level. It would be impossible to present this, ^{as acceptable,} or indeed to convince such people that they would not be losers in the longer term.

We are in grave danger of repeating the mistakes of the Scottish revaluation. Then - as with the community charge - there was no change in the overall burden of local taxation, but there were some very large ^{overnight} shifts between individuals. The outcry from the losers forced us to provide extra cash. Even so, the subsequent political fall-out in Scotland was ^{severe} clear. ^{I have to make it absolutely clear that there could be no question of} ~~We could not possibly afford~~ a similar cushioning exercise in England. That would impose a quite intolerable burden on the national taxpayer.

There are also considerable difficulties over the ^{demarcation} ~~dividing~~ line which Nick Ridley proposes to use to ^{split} ~~split~~ councils between those who would have dual running and those who would introduce the community charge immediately. Under his proposal, this would be based on next year's local authority

~~What is this for?~~
~~(£250)~~

In that year would

1985

no question of

demarcation

split

budgets. That leaves it ^{write} open to manipulation. ~~A council could deliberately spend up next year, so as to ensure that it did not have to introduce the community charge immediately; or a 'high spender' could manipulate its accounts to avoid any transition and then be in a position to impose a very high community charge in 1990-91.~~

Our discussion of these vital issues is still hampered by the lack of the full exemplifications I have several times request^{ed}. When we were first discussing the introduction of the community charge, we were much influenced by the very useful tables of gainers and losers by area and by household type. I believe we must have this information when we consider these issues now.

In summary, I believe that Nick Ridley's proposals will make it ^{very much} harder for us to achieve the ^{successful} smooth introduction of the community charge which we all seek. ^{inst. we should} ~~We must~~ stick to the policy we agreed and announced in July. It is a complex area, but we shall do ourselves no good in 1990 if we change our minds now on the basis of what is, I have to say, generally ⁽¹⁾ ill-informed pressure. We must instead explain our policy fully, and justify it properly to our backbenchers and ~~to~~ others.

I am copying this minute to Willie Whitelaw, Nicholas Ridley and to other colleagues in E(LF).

N.L.

10 November 1987

Transition point

1

1

Swinging

Understandable

SECRET: CMO UNTIL 31.12.87

POTTER
DRAFT

DRAFT MINUTE TO THE PRIME MINISTER

COMMUNITY CHARGE: TRANSITION

I have seen Nicholas Ridley's latest proposals in E(LF)(87)45 for the transition to Community Charge.

2. I am glad Nicholas now agrees that inner London and certain other areas need time to complete the change to the Community Charge. I also accept that the safety net could be capped to moderate local tax bills in parts of the South in 1990.

3. But Nicholas' new proposals still leave us exposed to unacceptable political risks. The dividing line now proposed between councils with a transition and those without can be manipulated. A council could deliberately plan to overspend next year so as to have a transition. A high spender could avoid the transition and impose a very high Community Charge in 1990-91.

4. We need a transition that is fair, simple to understand and not open to manipulation. No dividing line between one council and another can meet these criteria.

5. We agreed and announced in July, that people in all areas of England need time to adjust. People, not councils, have votes; and the size of the new Community Charge payments

and their timing are crucial. The Community Charge involves the redistribution of some £6 billion in local taxes among individuals within England. More people will pay; and there will be more losers than winners. Such changes must be introduced gradually and carefully.

6. The new proposal to dispense with the transition in much of the country would increase the size of many losses in 1990-91, not only in the North but in the Shires and outer London. For example:

- an immediate increase in local tax bills of about £250 (46%) for a couple with a live-in granny occupying an average house in Cambridge;
- an immediate increase of about £135 (30%) for a retired couple in a modest house in Barnet. [NB: St Albans gives similar figures.]

With the transition agreed in July these people need never face such large losses; the DOE figures show that by 1994-95 they should see little change in their bill.

7. The immediate increase in bills that Nicholas proposes would create intolerable political pressures, far worse than followed the Scottish rates revaluation in 1985. Despite extra public funds, the subsequent political fall-out in

Scotland was clear. I must emphasise that the public finances in 1990-91 could not bear the cost of a similar exercise for England - even if taxpayers' money could solve the political problem.

8. I am fully aware of feelings on the backbenches. But the interaction between the transition for councils (the safety net) and the transition for people is complex: it has never been fully explained and justified to them, or the country at large. I know that many councils in the South want all their gains from the new system in 1990. But that is not possible without excessive increases in local tax bills elsewhere or an unacceptable injection of public money.

9. We must stick to ^{the} policy agreed in July. We should explain it fully, and justify it properly to the backbenches and others. If we change our minds now, the political fall-out will hit us in 1990-91.

10. I am copying this minute to Willie Whitelaw, Nicholas Ridley and to other colleagues in E(LF).

[N.L.]

YOUR
MINUTE
→ PM

10/11/87.

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

COMMUNITY CHARGE: TRANSITION

I have seen Nick Ridley's latest proposals in E(LF) (87)45 for the transition to the community charge.

I am glad to see that he now rules out allowing authorities the choice of whether to have dual running or not; and that he accepts that there are some areas, in inner London in particular, where we cannot introduce the ^{local} community charge immediately. And I accept his proposal that contributions to the safety net could be capped at £75 per head, so as to bring forward some of the gains in parts of the South.

But I believe his new proposals still leave us exposed to unacceptable political risks. I do not see how we could justify the capricious changes in local taxation which would follow.

I can understand why many boroughs and districts would prefer not to have the complication of dual running; and they have persuaded many of our backbenchers of this. But that is not a good enough reason for us to overturn the decisions we took and announced in July, that people in all areas of England need time to adjust. People, not councils, have votes. The community charge involves the redistribution of some £6 billion in local taxes between individuals in England. More people will pay; and there will be more losers than gainers. Such changes must therefore be introduced gradually and carefully if we are to avoid major problems.



As Nick Ridley says, the safety net handles the phasing of the changes in the burden of domestic taxation between areas. But dual running is essential to ease the transition to the community charge within each local authority. This is not just a London problem; it is also crucial for other politically critical areas, notably the North West.

The proposal to switch to the community charge immediately in most of the country would greatly increase the size of individual losses in 1990-91. And it would also introduce additional major losers in that year among people who, once the phasing out of the safety net was complete, would see their local tax bills little changed. For example, a couple with one of their parents living with them, who occupy an average house in Cambridge would face an immediate increase in local tax bills of about £250 (nearly 50 per cent), even though by 1994-95 their tax bill would have fallen back to its present level. It would be impossible to present this as acceptable, or indeed to convince such people that they would not be losers in the longer term.

We are in grave danger of repeating the mistakes of the 1985 Scottish revaluation. Then - as with the community charge - there was no change in the overall burden of local taxation, but there were some very large overnight shifts between individuals. The outcry from the losers forced us to provide extra cash. Even so, the subsequent political fall-out in Scotland was severe. I have to make it absolutely clear that there could be no question of a similar cushioning exercise in England. That would impose a quite intolerable burden on the national taxpayer.

There are also considerable difficulties over the demarcation line which Nick Ridley proposes to use to divide councils between those who would have dual running and those who would



introduce the community charge immediately. Under his proposal, this would be based on next year's local authority budgets. That leaves it wide open to manipulation. A high spending council could manipulate its accounts next year so as to avoid any transitional period and then be in a position to impose a swingeing community charge in 1990-91.

Our discussion of these vital issues is still hampered by the lack of the full exemplifications I have several times requested. When we were first discussing the introduction of the community charge, we were much influenced by the very useful tables of gainers and losers by area and by household type. I believe we must have this information when we consider these issues now.

In summary, I believe that Nick Ridley's proposals will make it very much harder for us to achieve the successful introduction of the community charge which we all seek. Instead, we should stick to the policy we agreed and announced in July. It is a complex area, but we shall do ourselves no good in 1990 if we change our minds now on the basis of what is, I have to say, generally (if understandably) ill-informed pressure. We must instead explain our policy fully, and justify it properly to our backbenchers and others.

I am copying this minute to Willie Whitelaw, Nicholas Ridley and to other colleagues in E(LF).

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish.

N.L.

10 November 1987

TABLES
FOR
CIRCULATION

11/11/87

Ch
We will supply copies for
you to hand round
AA

EFFECTS ON HOUSEHOLDS

Very little information has been made available to the Committee about gainers and losers by area and household type, year by year, under different transition options.

2. Some examples have now been provided by the Secretary of State at Annex E to his paper. The attached tables show further examples of households in key areas for two options:-

- i) The transition agreed and announced in July, as amended by the modified safety net now proposed by the Environment Secretary.
- ii) The Environment Secretary's latest proposal: no transition outside inner London and certain other areas.

3. The tables show, by area, the annual household bill for each year from the last year of rates (1989-90) to the end of the safety net (1994-95) for:-

- a person paying local tax for the first time;
- a couple in a modest house;
- a couple in a larger house;
- a couple with an elderly relative living in an average house.

4. The main points are:

- i) for a new payer, no transition means a bill in 1990-91 ranging from £141 in York to £297 in Barnet; with a transition, the bill would be £100 throughout England;

- ii) for a couple in a modest house no transition means a bigger increase in 1990-91 than with transition, although in the South they are not eventual losers;
- iii) a couple in a larger house benefit from the absence of a transition - even though they are not eventual gainers in the North;
- iv) a couple with an elderly relative would pay more in 1990-91 without a transition; in the North, they are eventually big losers, while in the South they see little change in their bills in the long-term;
- v) with a transition all categories face a smoother progression to their full community charge, without major rises and falls in successive years.

H M Treasury
11 November 1987

ILLUSTRATIVE EFFECTS ON HOUSEHOLDS:

St. ALBANS

4 YEAR TRANSITION.

		Initial charge:£ 100					
Household		1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer							
1 adult		0	100	126	152	178	204
2 adults							
70%average r.v.	439	465	451	437	422	408	
2 adults							
130%average r.v.	815	693	622	550	479	408	
3 adults							
100%average r.v.	627	679	662	646	629	612	

NO TRANSITION.

		Initial charge:£ 279					
Household		1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer							
1 adult		0	279	260	242	223	204
2 adults							
70%average r.v.	439	558	521	483	446	408	
2 adults							
130%average r.v.	815	558	521	483	446	408	
3 adults							
100%average r.v.	627	837	781	725	668	612	

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS ON HOUSEHOLDS:

BARNET

4 YEAR TRANSITION.

		Initial charge:£ 100					
Household		1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer							
1 adult		0	100	131	161	192	222
2 adults							
70%average r.v.	459	485	475	464	454	444	
2 adults							
130%average r.v.	852	729	658	587	515	444	
3 adults							
100%average r.v.	655	707	697	687	676	666	

NO TRANSITION.

		Initial charge:£ 297					
Household		1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer							
1 adult		0	297	278	260	241	222
2 adults							
70%average r.v.	459	594	557	519	482	444	
2 adults							
130%average r.v.	852	594	557	519	482	444	
3 adults							
100%average r.v.	655	891	835	779	722	666	

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS ON HOUSEHOLDS:

CAMBRIDGE4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	123	145	168	190
2 adults						
70%average r.v.	379	435	421	407	394	380
2 adults						
130%average r.v.	703	636	572	508	444	380
3 adults						
100%average r.v.	541	635	619	603	586	570

NO TRANSITION.

Initial charge:£ 263

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	263	245	227	208	190
2 adults						
70%average r.v.	379	526	490	453	417	380
2 adults						
130%average r.v.	703	526	490	453	417	380
3 adults						
100%average r.v.	541	789	734	680	625	570

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS ON HOUSEHOLDS:

HYNDBURN

4 YEAR TRANSITION.

	Initial charge:£ 100					
Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	128	156	184	212
2 adults						
70%average r.v.	181	256	298	340	382	424
2 adults						
130%average r.v.	337	303	333	364	394	424
3 adults						
100%average r.v.	259	379	444	508	572	636

NO TRANSITION.

	Initial charge:£ 142					
Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	142	160	177	195	212
2 adults						
70%average r.v.	181	284	319	354	389	424
2 adults						
130%average r.v.	337	284	319	354	389	424
3 adults						
100%average r.v.	259	426	479	531	584	636

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS ON HOUSEHOLDS:

YORK

4 YEAR TRANSITION.

	Initial charge:f 100					
Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
2 adults						
70%average r.v.	188	257	279	301	324	346
2 adults						
130%average r.v.	350	305	316	326	336	346
3 adults						
100%average r.v.	269	381	416	450	485	519

NO TRANSITION.

	Initial charge:f 141					
Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	141	149	157	165	173
2 adults						
70%average r.v.	188	282	298	314	330	346
2 adults						
130%average r.v.	350	282	298	314	330	346
3 adults						
100%average r.v.	269	423	447	471	495	519

Note: all figures assume unchanged cash spending and income from 1987-88.

SECRET
COVERING SECRET AND CMO

CHANCELLOR

Low Pass

FROM: B H POTTER

Date: 10 November 1987

Ch
Talks for committee
flagged below (+ covering
note). OK?
AA

cc: Chief Secretary
Paymaster General
Sir Peter Middleton
Mr F E R Butler
Mr Anson
Mr Gilmore
Mr Hawtin
Mr Scholar
Mr Turnbull
Mr Fellgett
Mr Tyrie

E(LF): TRANSITION TO THE COMMUNITY CHARGE

I attach a series of short briefs, prepared by Mr Fellgett, covering points to use in tomorrow's E(LF) discussion on the transition to the Community Charge (CC).

2. At A) is an overview of Mr Ridley's latest proposals with points to make on his suggested dividing line to determine which authorities would and would not have dual-running. (It also lists the six transition schemes proposed by Mr Ridley since July.) Brief B) provides supporting material on the main points in your minute to the Prime Minister. Finally brief C) contains further defensive material if colleagues challenge your proposal to stick to a 4 year transition, throughout England.

3. Also attached is a series of examples showing local tax bills (rates + CC) for different households in different size accommodation in certain key areas. Subject to further comments, we will provide copies of this material tomorrow for you to circulate to colleagues at E(LF).

4. I have spoken to Richard Wilson (Cabinet Office) about his steering brief to the Prime Minister. His view is that the best option would be to stick to the transition arrangements agreed

in July; and he will advise the Prime Minister that Mr Ridley's latest proposals for a dividing line are illogical and impractical. I understand that he will, nonetheless, take a cautious line, pointing to the advantages of the July scheme and the inadequacies of the latest proposals, but perhaps suggesting that Mr Ridley be given the opportunity to come back with yet another scheme that will allow certain areas to introduce the full Community Change in 1990.

5. I have also spoken to Peter Stredder (No.10 Policy Unit). The Policy Unit had originally planned to advise the Prime Minister to accept the proposals as they stand. However, we seem to have persuaded them of the technical flaws in the proposal - in particular the scope for manipulating which councils have dual-running and which do not. The result is that their brief is likely to recommend broad acceptance of the proposals, with further work to be done on how the demarcation line would be drawn.

6. Mr Stredder laid particular emphasis on the strength of backbench hostility to dual-running: this is the main force driving the pressure to change the July decision. He implied the pressure was irresistible. Our main counter-arguments are as in your minute and at brief C):

- that backbenchers and others leading the pressure are ill-informed; and
- that no real attempt to explain or defend the July decision has been made - in the case of DOE junior Ministers, charged with selling the policy around the country, quite the reverse.

Barry H. Potter

BARRY H POTTER

A Brief on Mr Ridley's proposals.

- i) summary
- ii) proposed dividing line, with/without dual-running
- iii) history of DOE transition schemes.

B Brief on Chancellor's minute

- i) more losers than winners
- ii) Scottish revaluation
- iii) backbench ignorance.

C Defensive brief on Chancellor's minute

- i) costs of dual-running
- ii) why no transition in Scotland and Wales

MR RIDLEY'S PAPER: E(LF)(87)45

This note summarises and comments on Mr Ridley's paper.

Background

2. Mr Ridley reminds readers that the safety net phases-in changes between areas. Broadly, £1 billion of Government grant and non-domestic ^{rate} income is to be transferred from the North and inner London, to the South and the suburbs. E(LF) agreed in July that this should be complete by 1994-95.

3. Dual running phases the transfer between people in each area. E(LF) also agreed in July that this should be complete by 1994-95, with the abolition of domestic rates.

4. A smooth transition for people requires consistent operation of the safety net and dual running, over the same period. Otherwise one gets **a worse** "hump" - see the Barnet, St Albans and Cambridge examples.

No dual running, no safety net, but special grant to prevent community charges above £300.

5. The Prime Minister, on Policy Unit advice, was attracted to this idea at the last meeting. Mr Ridley advises against the idea, although he supported something like it in July. Particularly because of the consequent high percentage increases in bills in the North (see Hyndburn and York), you can agree with Mr Ridley to drop this option.

No dual running, full safety net

6. This is the agreed position for Wales in 1990; in Scotland, despite what Mr Ridley says, the safety net may yet be modified.

7. You can agree with Mr Ridley that it produces appallingly high CCs in some areas in 1990-91; the worst is £528 per capita in Westminster.

No dual running, maximum safety net contribution set at £75 in 1990-91.

8. This section introduces the cap of £75 on the safety net, which you accept in your minute to the Prime Minister. It benefits the forty areas from South Bucks to the Isles of Scilly listed in Annex B, at the expense of £5 on domestic tax bills in the areas that will eventually lose in the North and inner London.

9. Without dual running it still produces very large initial community charges; £471 in Westminster in 1990-91.

Areas required to have dual running

10. Mr Ridley first acknowledges that "opting out" would leave the Government open to manipulation. He discusses various ways of drawing a dividing line between authorities obliged to have a transition, and those required to introduce the community charge overnight. He does not find any option particularly attractive, and asks for colleagues views. His preference is for dual running to be required only in the areas overspending by at least £80 per capita in their 1988-89 budgets. On 1987-88 figures, it limits dual running to all of inner London, parts of outer London, Manchester, Liverpool and Newcastle and one or two other districts. (The list is at Annex D). Because the criterion is based on 1988-89 budgets, which have not yet been fixed and are subject to creative accounting, it opens up the possibility of manipulation again.

Opting, or Government imposed decisions

11. Mr Ridley now rejects the idea of "opting^{out}" which he advocated two weeks ago; there should be no difficulty over this.

£100 initial CC

12. Mr Ridley does not say whether areas with dual running will have an initial CC of £100 if LAs maintain spending fixed in real terms. You will wish to establish that he is sticking to the £100 agreed in July, and is not planning to change this as well.

Proposed dividing line between councils that have transition and those that do not:

1. Unfair: Wandsworth is allowed a transition, although a full community charge would be only £213 in 1990-91. Nearby Ealing not allowed a transition despite a higher initial CC of £301.
2. Open to manipulation: A high spender could fiddle its books to plan for spending in 1988-89 below £80 per head over GRE (the proposed dividing line), and bring in an enormous CC in 1990-91. A slightly more modest overspender is given an incentive to put up its spending to over £80 above GRE in 1988-89, in order to have a transition.
3. Indefensible: By 1993 some authorities will have residual rates and others will not, depending on their budgets 5 years earlier. What if they change control or policy in the meantime?
4. No dividing line is satisfactory: the answer is a proper transition throughout England.

History of transition proposals

1. A Green Paper in January 1986 proposed:-

- community charge of £50 in the first year, and rising no faster in later years; so
- up to 10 year transition period;
- indefinite full safety net, fixed in cash.

These decisions reflected Ministers concerns about the likely scale of losers, among areas in the North and inner London and among [redacted] people throughout the country.

2. E(LF) on 2 July considered Mr Ridley's proposal:

- introduce the community charge with no transition in 1990;
- except perhaps for a transition period only in London;
- with no general safety net, but special arrangements for London.

This is very similar to the package now on offer. But in July E(LF) rejected it decisively. The Prime Minister's summing up said:

"The Sub-Committee agreed that it was essential to retain transition arrangements broadly on the lines proposed in the Green Paper. They should include a phased transition from rates to the community charge, and a general safety net to limit changes in average domestic tax bills."

A(iii)

3. E(LF) on 14 July considered two options from Mr Ridley:

- no transition, but a three year safety net; or
- three year transition and safety net, with a CC of £100 in the first year, if authorities maintained unchanged real spending.

The meeting agreed that phasing and safety net were necessary, but wanted a four or five year period.

4. E(LF) on 27 July considered Mr Ridley's proposal for:

- first year CC of £100;
- three year transition;
- three year safety net.

It was agreed that: "a transitional period ^{of 4} years would be appropriate throughout most of England." Additional arrangements for London were to be considered.

6. E(LF) on 30 July agreed:

- initial CC of £100;
- four year transition;
- four year safety net.

This was announced by press notice.

7. E(LF) on 27 October considered Mr Ridley's proposal:

- an opting out power;
- transition for the remainder;
- no change in the four year safety net.

7. The latest proposals are the seventh set of options for the transition.

+ a bit more before Green Paper

More losers than winners:

1. Green Paper (annex J) showed (GB figures)

13.85 million tax units would lose

0.9 million tax units unchanged

11.72 million tax units gain

2. Green Paper (annex J) also implies (GB figures)

over 21½ million people are in households that lose

about 17½ million people are in households that gain

[This is consistent with a majority of households gaining, because losing households have on average more residents.]

3. Accountability argument is that there are 35 million voters in England, but only 18 million ratepayers (6m of whom do not pay in full). So 17 million (35-18) will pay for the first time and some present ratepayers will lose, ie a majority of losers.

4. No data available on winners and losers by area or household type, year by year over the various transition options. [DOE confirm this.]

B(i)

W

Scottish revaluation

1. Cost in extra revaluation relief grant about £65 million over 3 years 1985-86 to 1987-88.
2. Scaled up to England, equivalent cost £650m. (Almost as big as total increase in AEG for 1988-89 - £750m.) But could be much greater, because:
 - many more losers, because CC covers more people than rates;
 - South and suburbs will want immediate £1 billion winnings from withdrawal of safety net;
 - already conceded about £400m for extra income support before Election.

B(ii)

Backbench ignorance

1. Backbenchers and their district/borough advisors have seen initial rate bills in 1989-90 and final CCs for 1994-95. In the South and suburbs they want the final 1994 CCs in 1990-91, representing lower average tax bills. But they ignore the facts that:

- lower average bills in the South are only possible if the North or inner cities lose their £1 billion safety net overnight (indefensible - see Hyndburn and York), or the taxpayer pays (unacceptable);
- a smooth transition from rates to CC requires consistent phasing for areas and people, ie 4 years for both (see Barnet, St Albans and Cambridge);
- overnight increases of up to £325 (in Basildon, which escapes transition under Mr Ridley's proposal) for new payers would be difficult.

Cost of dual running

1. DOE estimates of extra cost in July varied from £50 million to £200 million. Valuation Office estimate £180 million at most; less if the two systems are simplified and aligned.
2. Unwelcome, but on balance not as bad as political and financial risks of no transition.
3. Losses in collecting CC from people bound to be higher than in collecting rates on ^mimobile property.

If no transition is possible in Scotland and Wales, why not England?

[Background: the pattern of losers is no better in Scotland than in England, and only a little better in Wales. Average CC in Scotland slightly higher than England; about £235 compared to £225.]

Not good points!!

1. Remains to be seen whether CC will work immediately in Scotland in 1989.
2. In extremis, could fund a rescue package for Scotland if no transition means things go wrong; not possible in England as far too costly.
3. Could lose every seat in Scotland and Wales, and retain Government majority. Hardly true in England.
4. Safety net proportionately smaller in Scotland; less need for consistent transition to avoid 'hump'.
5. Average CC £90 less in Wales than in England.
6. Range of Scottish CCs only up to about £290; would be up to £530 in England in 1990-91 with no transition.

c(ii)

- 1. MR POTTER
- 2. CHANCELLOR

I agree. I recollect that some special arrangement for London was seen a feature of loose government finance since Vietnamisation.
 BHP 11/11

FROM: R FELLGETT

Date: 11 November 1987

cc: Chief Secretary
 Paymaster General
 Sir Peter Middleton
 Mr F E R Butler
 Mr Anson
 Mr Hawtin
 Mr Scholar
 Mr Turnbull
 Mr Potter
 Mr Tyrie

ch
Note @ end
AA

TRANSITION TO THE COMMUNITY CHARGE: SPECIAL HELP FOR LONDON FROM NON-DOMESTIC RATES

Mr A C S Allan asked for a note on the idea that London should receive extra finance, to moderate otherwise very high Community Charges, financed from non-domestic ratepayers in London.

2. E(LF) on 2 July asked Mr Ridley to look at the possibility that London should benefit from either a local element of non-domestic rates, or a special allocation from the non-domestic rate pool. It seems that the Committee were considering a permanent arrangement.

3. However, Mr Ridley's paper for the 14th July meeting recommended against any special assistance. He opposed a surcharge on London rates, because London businesses would lose and they were already facing the prospect of increases in bills as a result of the revaluation. He opposed a special allocation from the pool, because areas outside London, and their Community Charge payers, would lose. The Committee does not seem to have queried these recommendations, although there is no record of a discussion in the minutes or summing up.

Flagged
X
below

Play 7

4. E(LF) on 27 July considered the option of temporary help for London, via a phasing out of the safety net over five years, rather than the four planned elsewhere, which could be presented as London keeping some non-domestic rate income for longer. This was rejected in favour of the decision to have a four year transition and four year safety net everywhere.

5. If the idea is raised again, I recommend that you are generally supportive of the idea of permanent extra help for London, in view of the obvious difficulties of fully implementing the Community Charge policy. This would be subject to further work by DOE and Treasury officials, and further consideration by the Committee.

6. If special help is agreed, it would be best paid for by a surcharge on non-domestic rates in London, notwithstanding the problem of adding to losers from the revaluation. The rationale would be that London faces special costs from its commuter day-time population, and this is one pretty rough and ready way of collecting from them. There is in practice little difference between an allocation from the pool and grant, because in the future they will in effect be the same.

surely allocation from pool => no extra cost to tax payers

7. DOE's thinking is already that the City will require its own non-domestic rate, because it has so few residents to pay the Community Charge.

Rob. Fellgett

R FELLGETT>

OK
Background is helpful
(I will play up refs a you
under me - E(LF)).

But I wouldn't follow line
in paras 5 & 6: better to
let Ridley set out pros & cons of
various options. I certainly wouldn't rule
out some sort of (perhaps temporary) retention
of non-domestic rate income (same thing as
extra allocation from the pool)
AA

CONFIDENTIAL

ppp

PPS/CHANCELLOR

FROM: R FELLGETT

Date: 11 November 1987

cc: PS/Chief Secretary
Mr Potter
Mr Portes
Mr Tyrie

Ch
Note on business
into London to files
AB

TRANSITION TO COMMUNITY CHARGE: WILL GRANNY IN CAMBRIDGE GET A REBATE?

You asked whether a elderly relative living with their offspring would in practice receive a significant rebate on their Community Charge between 1990-91 and 1993-94, if there was no transition. The following information has been provided by Mr Portes (ST).

2. In broad terms, and adapting the ^{new} Housing Benefit ^{system} to 1987-88 prices, someone having only the State pension of about £2,000 a year would be likely to get a full 80% rebate on an average Community Charge of about £225. But if in addition they had private means of another £1,000 a year, they would have to pay their Community Charge in full. Those with income between £2,000 and £3,000 would pay between 20% and 100% of the Community Charge.

3. The Chancellor will no doubt wish to consider whether elderly people who are wholly dependant on the State, or those with modest means of their own, are more important in the political debate. But so far as expenditure is concerned, it is presumably not his intention to finance an awkward transition through Housing Benefit, any more than through any other form of public funds; however we cannot tell from the information available whether additional rebates for any particular category during the transition will be offset by reduced rebate spending on others.

Rob: Fellgett

R FELLGETT

Ch
7 1/2 of pensioners live
with their children. But neither
we nor DSS know how many
of these have incomes less than
£3000 - they are not at present
eligible for HB.
AA



FROM: A C S ALLAN
 DATE: 11 November 1987

MR POTTER

cc: PS/Chief Secretary
 PS Paymaster General
 Sir P Middleton
 Mr F E R Butler
 Mr Anson
 Mr Gilmore
 Mr Hawtin
 Mr Scholar
 Mr Turnbull
 Mr Fellgett
 Mr Tyrie

E(LF): TRANSITION TO THE COMMUNITY CHARGE

At this afternoon's meeting of E(LF) it was agreed that there should be a further meeting of a smaller group which should discuss new figures, agreed between you and DoE.

The Chancellor would want to include the examples in the tables he handed round at E(LF) today but expanded as necessary to cover a wider range of local authorities. They should also include figures for two adults living in a house of average rateable value.

He would also be grateful for figures on how many people are in each of these various categories, and what the scatter is. For example, ~~at~~ what proportion of households are composed of two adults living in a house with rateable values of less than 70 percent of the average? It would ideally be helpful to have this information for each of the local authorities for which figures are provided. The second best would be regional figures. If those are not available, then we may have to live with national figures. One source of information may be the Inland Revenue Valuation Office.

The figures should also include some more statistics about likely HB claimants. For two-adult households with a live-in granny,

ACSA
 →
 Potter
 11/11

SECRET

in how many cases will the granny either be poor enough to be eligible for housing benefit, or be so rich that the community charge will be a small proportion of her income? The Chancellor would be grateful if you could examine what data is available from DHSS and what from the FES.

We do not yet have a time for the Prime Minister's next meeting. But I fear the timetable for preparing these numbers will be tight. The Chancellor would be grateful if you could keep him in close touch with progress.

ACSA

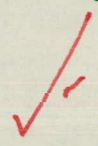
A C S ALLAN



CONSERVATIVE PARTY
NEWS
SERVICE

Press & Public Relations
 Department.
 Phone: 01-222 0151/8
 01-222 9000

Conservative Central
 Office.
 32 Smith Square,
 London SW1P 3HH



→ Mr Tyrie

112 NOV 1987 passage
 sidelined.
 Interesting language

MICHAEL HOWARD QC MP

Release Time: 1900 hrs. Wednesday
 11 November 1987. 701/87

PB
 14/xi

Extract from a speech by Michael Howard QC MP (Folkestone and Hythe), Minister for Local Government, to Greater London Area Conservatives, Wednesday 11 November 1987.

Mr Tyrie cc PS/CX / 2
 PS/CST
 Mr Patten

MICHAEL HOWARD LOOKS AT LONDON AND THE COMMUNITY CHARGE

PS 16/4

Let me just take a look at what the Community Charge would mean for London. We published figures last June to show what the Community Charge would have been in 1987/8 in every council in the country. But let me make it quite clear that when the Community Charge is introduced in 1990 those charges will not be levied. Some of the charges will be much lower than the figures shown because there will be a safety net in place.

And some may be higher if LA spending ↑↑

That safety net will be phased out over 4 years. And it is true that if by 1994 spending levels were not changed then inevitably the Community Charge would end up at the level of those June figures. But there is no reason why that should be the case. The whole point of introducing the Community Charge is that it will bring to bear the full force of local accountability onto high spending councils. So as everyone in the borough will be voting they will have a direct interest in ensuring that spending is kept well under control.

In 1987/88
 *

/. . And let us

And let us remember that in most cases the high levels of community charge are shown in inner London boroughs. That is no surprise. It is the overspending of the ILEA that lies at the root of much of the problem. On its own the ILEA overspends by £252 per adult. If that overspending was removed the Community Charges in most of inner London would fall back to relatively acceptable levels. Of course there are some boroughs like Lambeth and Camden who overspend significantly themselves. But mainly it is ILEA which is at the heart of the difficulties which inner London experiences.

It is not as if that overspending produces good results. On the contrary, the ILEA spends 60% more per pupil than Birmingham Education Authority and 30% more per pupil than Liverpool and Manchester Education Authorities. Yet on virtually every recognised test of performance and effectiveness ILEA falls short. That is why we are now giving boroughs the opportunity to opt out of the ILEA. I am sure that Conservative-controlled boroughs will take up that opportunity but I do understand the frustration of those Conservatives living in Labour-controlled boroughs. That is why it is so vital that we win back those councils which we lost and hopefully more in the borough elections in 1990.

Of course I recognise that it will not be possible to claw back all of ILEA's overspending overnight, whether or not councils opt out. That is why the government has been looking at the

/.. possibility

! It's stated Government policy

possibility of running both rates and community charge together over a period of time, at least in some parts of the country. That is what we mean when we talk about dual running.

But whatever transitional arrangements are decided on, there will be a propaganda battle to be won. All of us in this room have the job of hanging round the necks of the ILEA and the big borough spenders the responsibility for excessive community charges. And it is their responsibility. The arrangements for government grant and business rates will ensure that every council in the country should be able to levy the same community charge for a reasonable level of services. It will be up to the voters to put an end to extravagant spending by their local authorities. And because, under our proposals, the voters will pay for this spending, I am very confident that that is precisely what they will do.

ENDS

PS/CHANCELLOR

FROM: B H POTTER

Date: 12 November 1987

cc: PS/Chief Secretary
 PS/Paymaster
 General
 Sir Peter Middleton
 Mr F E R Butler
 Mr Anson
 Mr Gilmore
 Mr Hawtin
 Mr Scholar
 Mr Turnbull
 Mr Fellgett
 Mr Tyrie

*Consult on this
 paper & write on*

E(LF): TRANSITION TO THE COMMUNITY CHARGE

Your minute of today asked me to keep the Chancellor in touch with progress on the further consideration of the transition to the Community Charge (CC).

2. I understand that a meeting of a small group of Ministers to discuss this subject has been arranged for 9.30am on Tuesday 17 November. Cabinet Office are to circulate an agreed factual paper, hopefully tomorrow night. Mr Fellgett and I met Richard Wilson (Cabinet Office) and DOE officials this afternoon to agree on the format of the paper.

3. A draft of the text will be circulated to me tomorrow morning. It will set out the following policy positions:-

- Chancellor: the July transition arrangements plus the modified safety net (with the £75 p.c cap for contributors) proposed in E(LF)(87)45
- S/S for Environment: modified safety net; dual running everywhere except in inner London and Waltham Forrest (a further variation on Mr Ridley's last scheme in E(LF)(87)45).

(Mr. Tebbitt's constituents)

only

POTTER
 →
 PS/CH
 12/11

We have also agreed on the supporting factual material to be provided. The main series of tables will show gainers and losers under the Chancellor's and Mr Ridley's proposals in the initial year 1990-91; an outline of the England table, (which we put to and agreed with Cabinet Office) is at Annex A. The key advantages are:-

- i) it is the first winners and losers table for individuals (voters) rather than households ever presented to Ministers discussing the transition; to prepare the table requires the assumption that rate bills are currently evenly split between members in a household - but, to the extent that is wrong, it will ^{probably} underestimate the number of losers; relative to the household tables previously discussed by Ministers, it will show more losers but with smaller losses on average;
- ii) such tables will be provided for as many regions as the sample size will permit; it may mean that, say the North and North West would have to be aggregated; but it will permit us to show the North/South split;
- iii) each table will show, as the final column, the 1994-95 distribution of gainers and losers; this allows the 'hump' and 'dip' to be demonstrated;
- iv) a final table in this series will show the percentage change in individual bills by region in 1990-91 and 1994-95 - again important to demonstrate the scale of losses in the North.

5. Secondly there will be a short series of tables showing the pattern of household bills from 1989-90 through to 1994-95 in five representative local authorities for six types of household ie an expanded version of the tables circulated by the Chancellor yesterday. This will again allow useful comparisons between the two policy proposals.

*Ans for rough?
Don't include
more maps
const. numbers.
(Contact CSI)*

Cabinet Office are keen that no-one should circulate material for or at the meeting in addition to their paper and the above agreed tables. But we can of course add to the second set of tables in briefing the Chancellor as required.

7. We will provide a brief for the meeting. This will include the housing benefit issue covered in your minute, to the extent that supporting data can be found.

Barry H. Potter

BARRY H POTTER

England (Region)

NUMBERS OF ADULTS BY HOUSEHOLD TYPE, GAINING AND LOSING IN 1990-91 COMPARED TO 1989-90

<u>With dual-running</u>		In 1 adult household	In 2 adult household	In 3+ adult household	Total 1990-91	Total 1994-95
<u>Losers</u>	10+					
£ per week	5-10					
	2-5					
	1-2					
	0-1					
<u>Gainers</u>	0-1					
	1-2					
	2-5					
	5-10					
	10+					

Without dual-running

[ditto]

HOUSEHOLD CATEGORIES

New payer

1 Adult 70% r.v
2 Adults 70% r.v
2 Adults 100% r.v
3 Adults 100% r.v
2 Audlts 130% r.v

LOCAL AUTHORITIES

St Albans	- High r.v:	gains as safety net is withdrawn and gains in 1990-91 from £75 cap
Cambridge	- High r.v:	gains as safety net is withdrawn but no gain from £75 cap
Tewksbury	- Middle r.v:	only small gain as safety net is withdrawn
Hyndburn	- Low r.v:	loses as safety net is withdrawn; low spender
Barnsley	- Low r.v:	loses as safety net is withdrawn; higher spender.

CHEQUER	
REC.	13 NOV 1987
ACTION	CST
COMES TO	

13/11

SECRET



prep

10 DOWNING STREET
LONDON SW1A 2AA

13 November 1987

From the Private Secretary

Dear Robin,

COMMUNITY CHARGE: TRANSITION

As you know, Ministers are to meet at 9.30 am on Tuesday 17 November to continue the discussion of this subject.

In preparation for this meeting I attach a paper by the Cabinet Office which summarises the outstanding issues. I understand that your department is considering whether there is any further information which could be circulated beforehand about the effect of the different options on individuals, in the light of the discussion in E(LF) on Wednesday.

I am copying this letter and the paper to Alex Allan (HM Treasury), Mike Eland (Lord President's Office), Steven Wood (Lord Privy Seal's Office), Jill Rutter (Chief Secretary's Office), Alan Riddell (Office of the Minister for Local Government), Murdo Maclean (Chief Whip's Office) and Trevor Woolley (Cabinet Office).

*Yours,
David*

David Norgrove

Robin Young, Esq.,
Department of the Environment.

SECRET

NOE-
GROVE
→
YOUNG
13/11

Ch
Brief to follow on Monday.
[areas selected by CST]
[no scatter pays]
AA

SECRET

TRANSITION TO THE COMMUNITY CHARGE

Note by the Cabinet Office

1. A decision is needed on the arrangements for the transition to the community charge in England. Ministerial discussions have narrowed down the choice to two options, outlined below.

Need for transitional arrangements

2. The community charge will bring about a major shift in the burden of local taxation, both between areas and between individuals within each area. The purpose of transitional arrangements is to phase in the sharpest changes over the four years from 1990-91 to 1994-95, so as to soften their immediate impact. The more extensive the arrangements, the smaller will be the impact of the community charge on losers in the first year. Equally, the smaller will be the benefit to gainers.

3. It has already been agreed that there should be a safety net to phase in the shift in local taxation between areas. It has also been agreed that the maximum contribution to the safety net which any area should be required to make should be £75 per adult. This ceiling will bring forward to 1990-91 some of the gains which the community charge will bring to parts of the South. Conversely, local tax bills in areas which lose as the safety net is withdrawn will be £5 per head higher in 1990-91 than they would have been under a full safety net.

4. The main outstanding issue concerns dual running: that is, the areas in which the existing rates system should run alongside the community charge in the transitional period, in order to phase in smoothly the changes in local tax bills for individuals.

Option 1: full dual running, £75 safety net

5. The first option is:

a. to require every area of England to have dual running during the transition period;

and b. to combine this with the £75 safety net.

Option 2: minimal dual running, £75 safety net

6. The second option is:

a. to have dual running only in those areas where spending is more than £130 per head above Grant-Related Expenditure (GRE) in their 1987-88 budgets;

charging again.

SECRET

Thanks.
What is the position
w/ Gramms & H8?
PSE decide 2nd Stockton take
On 1st side of table, we need
to focus on number of kids (a)
over £2 a wk & (b) over £5
we use on 1st side of table, with
New distribution of household
type.
On 2nd side of table, we
need to focus on
households where
bills are
On 3rd side of table,
we need to
focus esp on
2 adults
smaller houses
& 3 adults
avg. house
esp where
1990/91
bill is
significant
gains
Jan
1994-95
bill.

CABINET
OFFICE
PAPER

SECRET

and b. to combine this with the £75 safety net.

On this basis dual running would only apply in Inner London and Waltham Forest: see Annex A.

Difference between the options

7. It is common ground between these options that there should be a £75 safety net and that dual running should operate in the high-spending areas indicated in the previous paragraph. The question is whether dual running should also apply elsewhere in England.

8. Annexes B, C and D compare the effect of having dual running everywhere with the effect of confining it to the high-spending areas. It should be noted that the figures are all in terms of households. It has not been possible in the time available to produce tables showing the gains and losses for individuals within those households. But such a presentation would show more gainers and losers, and smaller gains and losses.

a. For one-adult households the figures would all be the same.

b. For two-adult households the numbers of gainers and losers would be twice as great as shown in Annexes B and C, but the actual gains and losses per adult would be half the size.

c. For households with three or more adults, the number of gainers and losers would be 3.3 times the numbers shown, but the gains and losses for each individual would be a third of the figures for households.

9. Annex B compares the impact of the two options on households in England as a whole and in the main regions. It shows the absolute amounts of money which those households would gain or lose in 1990-91 compared with their position under the present rating system. It also shows their final position when the community charge has been fully introduced in 1994-95.

10. Annex C shows the percentage increase or decrease which households in each region would experience under each option in 1990-91 compared with their rates bill in the previous year.

11. Annex D contains examples of what the pattern of household bills would be for 1989-90 through to 1994-95 for different types of household in a range of local authorities.

Implications for Legislation

12. Option 1 would require no change to the forthcoming Rates Reform Bill as at present drafted: the Bill already allows for the £75 safety net and full dual running. Option 2 would require an amendment to the Bill to reflect the decision to restrict dual running to high-spending areas. If this option were chosen, the Department of Environment would need to consult urgently with

SECRET

SECRET

Parliamentary Counsel to see whether the amendment could be made before the Bill was introduced. It is highly desirable that it should.

Conclusions

13. Ministers are invited:

a. to decide whether Government policy should be based on option 1 or option 2;

b. to agree that every effort should be made to make any necessary amendments to the forthcoming Bill before introduction.

Cabinet Office
13 November 1987

SECRET

OVERSPENDING AND COMMUNITY CHARGES

	1987/88 overspend on GRE (£ per head)	Safety netted community charge	Unsafety netted community charge
City of London	7630	482	487
Camden	481	461	782
Hackney	382	417	691
Lewisham	378	375	677
Tower Hamlets	344	313	639
Greenwich	321	266	608
Southwark	301	293	570
Lambeth	278	307	547
Islington	229	294	483
Hammersmith	215	230	465
<hr/>			
Wandsworth	190	216	435
Westminster	158	471	396
Waltham Forest	142	356	365
Kensington	137	389	370
Brentwood	125	355	339
Haringey	117	340	329
Harlow	102	321	315
<hr/>			
Manchester	95	261	272
Newham	94	309	304
Liverpool	93	263	301
Newcastle	87	259	292
Brent	80	326	283

HOUSEHOLDS GAINING FROM INTRODUCTION OF
COMMUNITY CHARGE: '000s

ENGLAND

WITH DUAL RUNNING

1990/91

1994/95

ANNEX
B

POUNDS PER WEEK	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
	-----					-----
LOSERS						
10+	-	-	-	-	-	-
5 - 10	-	-	-	-	-	222
2 - 5	-	-	-	25	25	669
1 - 2	4	38	1,254	686	812	2,108
0 - 1	361	423	4,449	735	2,030	1,509
				500	5,733	3,187
Total losers	364	461	5,829	1,946	8,600	7,695
TOTAL LOSERS - ADULTS	364	461	11,658	6,422	18,905	16,728
GAINERS						
0 - 1	1,600	1,015	3,164	222	6,004	4,122
1 - 2	265	447	1,056	140	1,910	1,856
2 - 5	155	192	584	81	1,012	2,849
5 - 10	6	7	58	6	77	928
10+	-	1	1	-	4	160
Total gainers	2,027	1,662	4,863	449	9,008	9,915
TOTAL GAINERS - ADULTS	2,027	1,662	9,726	1,482	14,897	17,078
No. change	-	-	-	-	-	-

DUAL RUNNING IN INNER LONDON ONLY

POUNDS PER WEEK	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
	-----					-----
LOSERS						
10+	-	-	-	36	37	222
5 - 10	-	-	30	396	426	668
2 - 5	4	37	1,273	1,012	2,328	2,108
1 - 2	28	114	1,407	330	1,880	1,509
0 - 1	350	320	3,195	272	4,138	3,187
Total losers	382	471	5,905	2,047	8,809	7,695
TOTAL LOSERS - ADULTS	382	471	11,810	6,755	19,859	16,728
GAINERS						
0 - 1	1,352	737	2,190	142	4,423	4,122
1 - 2	212	285	979	77	1,553	1,856
2 - 5	336	521	1,198	85	2,139	2,849
5 - 10	101	98	352	36	588	928
10+	8	12	67	9	97	160
Total gainers	2,009	1,653	4,786	348	8,800	9,915
TOTAL GAINERS - ADULTS	2,009	1,653	9,572	1,148	14,382	17,078
No change	-	-	-	-	-	-

As you would expect, this shows more by gains & more by losses in 1990/91 without dual running

2,791

1463

1685

**HOUSEHOLDS GAINING FROM INTRODUCTION OF
COMMUNITY CHARGE: '000s**

NORTH ENGLAND

WORTH DUAL RUNNING

1990/91

1994/95

Single pensioner Other single adult Two Adults Three + Adults All Households

ALL HOUSEHOLDS

POUNDS PER WEEK

LOSERS

10+	-	-	-	-	-	
5 - 10	-	-	-	6	6	
2 - 5	-	-	48	221	269	
1 - 2	1	13	412	237	663	
0 - 1	130	118	1,270	180	1,698	
Total losers	131	131	1,730	644	2,636	
TOTAL LOSERS - ADULTS	131	131	3,460	2,125	5,547	

37
355
1092
621
1363

3468
7,412

GAINERS

0 - 1	577	331	986	81	1,975	
1 - 2	82	128	346	53	610	
2 - 5	53	59	238	39	389	
5 - 10	3	2	26	1	32	
10+	-	-	-	-	-	
Total gainers	715	521	1,595	174	3,006	
TOTAL GAINERS - ADULTS	715	521	3,190	574	5,000	
No change	-	-	-	-	-	

1154
348
502
153
17

2174
3,431

DUAL RUNNING IN INNER LONDON ONLY

POUNDS PER WEEK

LOSERS

10+	-	-	-	9	9	
5 - 10	-	-	8	109	117	
2 - 5	1	14	410	353	777	
1 - 2	11	23	407	112	553	
0 - 1	131	101	1,010	107	1,349	
Total losers	143	137	1,834	691	2,805	
TOTAL LOSERS - ADULTS	143	137	3,668	2,250	6,245	

37
355
1,092
621
1,363

3,468
7,412

GAINERS

0 - 1	511	267	705	52	1,535	
1 - 2	61	76	294	32	463	
2	101	147	352	27	628	
5 - 10	27	22	125	15	189	
10+	2	2	15	1	20	
Total gainers	702	515	1,491	127	2,835	
TOTAL GAINERS - ADULTS	702	515	2,982	419	4,015	
No change	-	-	-	-	-	

1,154
348
502
153
17

2,174
3,431

**HOUSEHOLDS GAINING FROM INTRODUCTION OF
COMMUNITY CHARGE: '000s**

MIDLANDS

WITH DUAL RUNNING

1990/91

1994/95

	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
POUNDS PER WEEK						
LOSERS						
10+	-	-	-	-	-	1
5 - 10	-	-	-	4	5	42
2 - 5	-	-	15	142	156	297
1 - 2	-	4	265	139	408	276
0 - 1	51	59	926	91	1,126	617
Total losers	51	63	1,205	376	1,695	1,233
TOTAL LOSERS - ADULTS	51	63	2,410	(24)	3,765	2,806
GAINERS						
0 - 1	307	185	656	53	1,202	977
1 - 2	43	93	222	26	384	472
2 - 5	28	42	106	18	193	619
5 - 10	-	2	10	1	14	162
10+	-	1	-	-	1	25
Total gainers	377	323	994	98	1,794	2,256
TOTAL GAINERS - ADULTS	377	323	1,755	323	2,411	3,970
No change	-	-	-	-	-	-

DUAL RUNNING IN INNER LONDON ONLY

	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
POUNDS PER WEEK						
LOSERS						
10+	-	-	-	6	6	1
5 - 10	-	-	2	78	80	42
2 - 5	-	1	266	198	465	297
1 - 2	2	22	273	66	363	276
0 - 1	50	41	674	50	814	617
Total losers	52	64	1,215	397	1,728	1,233
TOTAL LOSERS - ADULTS	52	64	2,430	1,310	3,556	2,806
GAINERS						
0 - 1	264	140	480	34	918	977
1 - 2	42	55	204	15	315	472
2 - 5	55	102	234	20	412	619
5 - 10	16	23	54	5	98	162
10+	1	3	12	2	17	25
Total gainers	377	323	984	77	1,760	2,256
TOTAL GAINERS - ADULTS	377	323	1,965	254	2,922	3,970
No change	-	-	-	-	-	-

HOUSEHOLDS GAINING FROM INTRODUCTION OF
COMMUNITY CHARGE: '000s

SOUTH ENGLAND

WIDENING DUAL RUNNING

1990/91

1994/95

	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	ALL Households
POUNDS PER WEEK						
LOSERS						
10+	-	-	-	-	-	1
5 - 10	-	-	-	9	9	31
2 - 5	-	-	47	239	285	332
1 - 2	1	9	426	252	689	361
0 - 1	127	130	1,675	165	2,097	812
Total losers	128	139	2,148	664	3,080	1,537
TOTAL LOSERS - ADULTS	128	139	4,296	2,191	6,754	3,563
GAINERS						
0 - 1	482	299	1,140	74	1,994	1,599
1 - 2	98	143	398	43	683	877
2 - 5	61	64	206	18	348	1,488
5 - 10	3	1	20	3	26	536
10+	-	1	2	-	2	96
Total gainers	643	507	1,765	137	3,053	4,596
TOTAL GAINERS - ADULTS	643	507	3,530	452	5,132	8,328
No change	-	-	-	-	-	-

DUAL RUNNING IN INNER LONDON ONLY

POUNDS PER WEEK

LOSERS						
10+	-	-	-	10	10	1
5 - 10	-	-	11	150	161	31
2 - 5	2	8	448	334	792	332
1 - 2	10	42	510	100	662	361
0 - 1	113	85	1,082	90	1,369	812
Total losers	125	134	2,051	684	2,995	1,537
TOTAL LOSERS - ADULTS	125	134	4,102	2,257	6,618	3,563
GAINERS						
0 - 1	390	185	775	45	1,396	1,599
1 - 2	73	99	385	25	583	877
2 - 5	134	191	513	32	870	1,488
5 - 10	47	31	150	12	242	536
10+	2	4	39	3	48	96
Total gainers	646	512	1,862	118	3,139	4,596
TOTAL GAINERS - ADULTS	646	512	3,724	389	5,271	8,328
No change	-	-	-	-	-	-

HOUSEHOLDS GAINING FROM INTRODUCTION OF
COMMUNITY CHARGE: '000s

GREATER LONDON

WITH DUAL RUNNING

	1990/91					1994/95
	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
POUNDS PER WEEK						
LOSERS						
10+	-	-	-	-	-	182
5 - 10	-	-	-	6	6	239
2 - 5	-	-	17	85	102	387
1 - 2	1	12	150	107	270	251
0 - 1	53	116	579	65	812	396
Total losers	54	128	746	262	1,190	1,455
TOTAL LOSERS - ADULTS	54	128	1,492	865	2,539	2,949
GAINERS						
0 - 1	235	200	382	14	833	392
1 - 2	42	82	90	18	234	160
2 - 5	14	28	34	7	83	239
5 - 10	1	1	2	1	5	77
10+	-	-	-	-	-	21
Total gainers	292	312	509	40	1,155	890
TOTAL GAINERS - ADULTS	292	312	1,018	120	1,742	1,343
No change	-	-	-	-	-	-

DUAL RUNNING IN INNER LONDON ONLY

	1990/91					1994/95
	Single pensioner	Other single adult	Two Adults	Three + Adults	All Households	All Households
POUNDS PER WEEK						
LOSERS						
10+	-	-	-	12	12	182
5 - 10	-	-	9	58	67	239
2 - 5	1	15	150	128	293	387
1 - 2	5	28	218	52	302	251
0 - 1	56	93	430	26	605	396
Total losers	62	136	806	275	1,279	1,455
TOTAL LOSERS - ADULTS	62	136	1,612	907	2,717	2,949
GAINERS						
0 - 1	188	144	230	11	574	392
1 - 2	37	55	96	5	192	160
2 - 5	46	80	98	5	229	239
5 - 10	11	22	23	4	59	77
10+	3	3	3	2	11	21
Total gainers	284	304	449	27	1,066	890
TOTAL GAINERS - ADULTS	284	304	898	89	1,575	1,343
No change	-	-	-	-	-	-

HOUSEHOLDS GAINING AND LOSING FROM INTRODUCTION OF THE COMMUNITY
CHARGE: '000s

WITH DUAL RUNNING

1990/91

1994/95

	North	Midlands	South	London	All Households	All Households
Percentage of net rates paid						
Losers						
100+	188	63	118	17	387	1,629
80-100	101	53	89	9	252	553
50-80	298	181	242	52	773	1,146
20-50	721	454	782	298	2,256	2,074
0-20	1,328	945	1,847	813	4,932	2,289
Total Losers	2,636	1,695	3,079	1,190	8,600	7,691
Gainers						
0-20	1,941	1,267	2,313	1,013	6,534	3,139
20-50	1,020	504	730	140	2,393	4,717
50-80	45	21	10	2	79	2,020
80-100						33
100+						5
Total gainers	3,005	1,793	3,054	1,155	9,006	9,915

DUAL RUNNING IN INNER LONDON ONLY

Losers						
100+	532	268	434	81	1,315	1,629
80-100	148	110	154	47	463	553
50-80	418	240	402	152	1,211	1,146
20-50	753	474	871	380	2,479	2,074
0-20	953	635	1,132	618	3,338	2,289
Total losers	2,805	1,728	2,994	1,830	8,807	7,691
Gainers						
0-20	1,127	741	1,290	585	3,742	3,139
20-50	1,310	794	1,418	386	3,907	4,717
50-80	396	224	426	95	1,141	2,020
80-100	2	1	5		7	33
100+	2	1	1		4	5
Total gainers	2,836	1,761	3,138	1,066	8,800	9,915

1.3 m households have
bills doubled (or worse)
into no dual running

ANNEX
C

INDIVIDUAL LOCAL
AUTHORITIES

ANNEX D

EXAMPLES OF THE PATTERN OF HOUSEHOLD LOCAL TAX BILLS

ANNEX

D

Examples for local authority areas with high per capita rateable values are first, subdivided between high spending, moderate spending and low spending councils. These are followed by areas of moderate and low per capita rateable values, similarly subdivided.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, HIGH SPENDING AUTHORITY:

(HARLOW)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	154	208	261	315
1 adult Smaller House	436	400	379	358	336	315
2 adults Smaller House	436	500	533	565	598	630
2 adults Average House	623	629	629	629	630	630
2 adults Larger House	810	758	726	694	662	630
3 adults Average House	623	729	783	837	891	945
3 adults Larger House	810	858	879	901	923	945

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	321	320	318	317	315
1 adult Smaller House	436	321	320	318	317	315
2 adults Smaller House	436	642	639	636	633	630
2 adults Average House	623	642	639	636	633	630
2 adults Larger House	810	642	639	636	633	630
3 adults Average House	623	963	959	954	950	945
3 adults Larger House	810	963	959	954	950	945

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

Ealing

HIGH RATABLE VALUE, HIGH SPENDING AUTHORITY: (EALING)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	145	189	234	278
1 adult Smaller House	444	396	367	337	308	278
2 adults Smaller House	444	496	511	526	541	556
2 adults Average House	634	623	607	590	573	556
2 adults Larger House	824	750	702	653	605	556
3 adults Average House	634	723	751	779	806	834
3 adults Larger House	824	850	846	842	838	834

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	301	295	290	284	278
1 adult Smaller House	444	301	295	290	284	278
2 adults Smaller House	444	602	591	579	568	556
2 adults Average House	634	602	591	579	568	556
2 adults Larger House	824	602	591	579	568	556
3 adults Average House	634	903	886	869	851	834
3 adults Larger House	824	903	886	869	851	834

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, MODERATE SPENDING AUTHORITY:

(ELMBRIDGE)

Elmbridge

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	135	170	204	239
1 adult Smaller House	498	391	353	315	277	239
2 adults Smaller House	498	491	488	485	481	478
2 adults Average House	711	616	581	547	512	478
2 adults Larger House	924	740	675	609	544	478
3 adults Average House	711	716	716	716	717	717
3 adults Larger House	924	840	810	779	748	717

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	314	295	277	258	239
1 adult Smaller House	498	314	295	277	258	239
2 adults Smaller House	498	628	591	553	516	478
2 adults Average House	711	628	591	553	516	478
2 adults Larger House	924	628	591	553	516	478
3 adults Average House	711	942	886	830	773	717
3 adults Larger House	924	942	886	830	773	717

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, MODERATE SPENDING AUTHORITY:

(St. ALBANS)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	126	152	178	204
1 adult Smaller House	439	365	325	285	244	204
2 adults Smaller House	439	465	451	437	422	408
2 adults Average House	627	579	536	494	451	408
2 adults Larger House	815	693	622	550	479	408
3 adults Average House	627	679	662	646	629	612
3 adults Larger House	815	793	748	702	657	612

St Albans

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	279	260	242	223	204
1 adult Smaller House	439	279	260	242	223	204
2 adults Smaller House	439	558	521	483	446	408
2 adults Average House	627	558	521	483	446	408
2 adults Larger House	815	558	521	483	446	408
3 adults Average House	627	837	781	725	668	612
3 adults Larger House	815	837	781	725	668	612

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, MODERATE SPENDING AUTHORITY:

(S.BUCKS)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	127	153	180	206
1 adult Smaller House	578	363	324	285	245	206
2 adults Smaller House	578	463	450	438	425	412
2 adults Average House	825	576	535	494	453	412
2 adults Larger House	1073	689	620	550	481	412
3 adults Average House	825	676	662	647	633	618
3 adults Larger House	1073	789	746	703	661	618

S Bucks

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	281	262	244	225	206
1 adult Smaller House	578	281	262	244	225	206
2 adults Smaller House	578	562	525	487	450	412
2 adults Average House	825	562	525	487	450	412
2 adults Larger House	1073	562	525	487	450	412
3 adults Average House	825	843	787	731	674	618
3 adults Larger House	1073	843	787	731	674	618

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, LOW SPENDING AUTHORITY:

(CAMBRIDGE)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	123	145	168	190
1 adult Smaller House	379	335	299	262	226	190
2 adults Smaller House	379	435	421	407	394	380
2 adults Average House	541	535	496	458	419	380
2 adults Larger House	703	636	572	508	444	380
3 adults Average House	541	635	619	603	586	570
3 adults Larger House	703	736	694	653	611	570

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	263	245	227	208	190
1 adult Smaller House	379	263	245	227	208	190
2 adults Smaller House	379	526	490	453	417	380
2 adults Average House	541	526	490	453	417	380
2 adults Larger House	703	526	490	453	417	380
3 adults Average House	541	789	734	680	625	570
3 adults Larger House	703	789	734	680	625	570

Note: all figures assume unchanged cash spending and income from 1987-88.

Cambridge

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, LOW SPENDING AUTHORITY:

(CROYDON)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	115	129	144	158
1 adult Smaller House	305	265	238	211	185	158
2 adults Smaller House	305	365	353	340	328	316
2 adults Average House	435	435	406	376	346	316
2 adults Larger House	566	506	459	411	364	316
3 adults Average House	435	535	520	505	489	474
3 adults Larger House	566	606	573	540	507	474

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	218	203	188	173	158
1 adult Smaller House	305	218	203	188	173	158
2 adults Smaller House	305	436	406	376	346	316
2 adults Average House	435	436	406	376	346	316
2 adults Larger House	566	436	406	376	346	316
3 adults Average House	435	654	609	564	519	474
3 adults Larger House	566	654	609	564	519	474

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, LOW SPENDING AUTHORITY:

(EASTBOURNE)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
1 adult Smaller House	343	295	265	234	204	173
2 adults Smaller House	343	395	383	371	358	346
2 adults Average House	490	479	446	412	379	346
2 adults Larger House	637	563	508	454	400	346
3 adults Average House	490	579	564	549	534	519
3 adults Larger House	637	663	627	591	555	519

Eastbourne

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	248	229	211	192	173
1 adult Smaller House	343	248	229	211	192	173
2 adults Smaller House	343	496	459	421	384	346
2 adults Average House	490	496	459	421	384	346
2 adults Larger House	637	496	459	421	384	346
3 adults Average House	490	744	688	632	575	519
3 adults Larger House	637	744	688	632	575	519

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

HIGH RATABLE VALUE, LOW SPENDING AUTHORITY: (EPSOM & EWELL)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	121	141	162	182
1 adult Smaller House	435	328	291	255	218	182
2 adults Smaller House	435	428	412	396	380	364
2 adults Average House	622	526	485	445	404	364
2 adults Larger House	809	623	558	494	429	364
3 adults Average House	622	626	606	586	566	546
3 adults Larger House	809	723	679	635	590	546

*From
Ewell*

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	257	238	220	201	182
1 adult Smaller House	435	257	238	220	201	182
2 adults Smaller House	435	514	477	439	402	364
2 adults Average House	622	514	477	439	402	364
2 adults Larger House	809	514	477	439	402	364
3 adults Average House	622	771	715	659	602	546
3 adults Larger House	809	771	715	659	602	546

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, HIGH SPENDING AUTHORITY: (BASILDON)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	140	180	219	259
1 adult Smaller House	440	405	368	332	295	259
2 adults Smaller House	440	505	508	511	515	518
2 adults Average House	629	635	606	577	547	518
2 adults Larger House	818	766	704	642	580	518
3 adults Average House	629	735	746	756	767	777
3 adults Larger House	818	866	844	822	799	777

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	325	309	292	276	259
1 adult Smaller House	440	325	309	292	276	259
2 adults Smaller House	440	650	617	584	551	518
2 adults Average House	629	650	617	584	551	518
2 adults Larger House	818	650	617	584	551	518
3 adults Average House	629	975	926	876	827	777
3 adults Larger House	818	975	926	876	827	777

Note: all figures assume unchanged cash spending and income from 1987-88.

Basildon

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, HIGH SPENDING AUTHORITY: (DARLINGTON)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	136	173	209	245
1 adult Smaller House	275	244	245	245	245	245
2 adults Smaller House	275	344	381	417	454	490
2 adults Average House	393	406	427	448	469	490
2 adults Larger House	511	468	474	479	485	490
3 adults Average House	393	506	563	621	678	735
3 adults Larger House	511	568	610	652	693	735

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	205	215	225	235	245
1 adult Smaller House	275	205	215	225	235	245
2 adults Smaller House	275	410	430	450	470	490
2 adults Average House	393	410	430	450	470	490
2 adults Larger House	511	410	430	450	470	490
3 adults Average House	393	615	645	675	705	735
3 adults Larger House	511	615	645	675	705	735

Darlington

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, HIGH SPENDING AUTHORITY: (STOCKTON)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	138	175	213	250
1 adult Smaller House	339	307	293	279	264	250
2 adults Smaller House	339	407	431	454	477	500
2 adults Average House	484	496	497	498	499	500
2 adults Larger House	629	585	564	543	521	500
3 adults Average House	484	596	635	673	712	750
3 adults Larger House	629	685	701	718	734	750

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	250	250	250	250	250
1 adult Smaller House	339	250	250	250	250	250
2 adults Smaller House	339	500	500	500	500	500
2 adults Average House	484	500	500	500	500	500
2 adults Larger House	629	500	500	500	500	500
3 adults Average House	484	750	750	750	750	750
3 adults Larger House	629	750	750	750	750	750

Note: all figures assume unchanged cash spending and income from 1987-88.

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Stockton

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, MODERATE SPENDING AUTHORITY: (NOTTINGHAM)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	127	154	180	207
1 adult Smaller House	258	229	223	218	212	207
2 adults Smaller House	258	329	350	371	393	414
2 adults Average House	368	384	392	399	407	414
2 adults Larger House	478	439	433	427	420	414
3 adults Average House	368	484	518	553	587	621
3 adults Larger House	478	539	560	580	601	621

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	195	198	201	204	207
1 adult Smaller House	258	195	198	201	204	207
2 adults Smaller House	258	390	396	402	408	414
2 adults Average House	368	390	396	402	408	414
2 adults Larger House	478	390	396	402	408	414
3 adults Average House	368	585	594	603	612	621
3 adults Larger House.	478	585	594	603	612	621

Note: all figures assume unchanged cash spending and income from 1987-88.

Nottingham

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, MODERATE SPENDING AUTHORITY: (W. OXFORDSHIRE)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	126	153	179	205
1 adult Smaller House	335	288	267	246	226	205
2 adults Smaller House	335	388	393	399	404	410
2 adults Average House	479	468	453	439	424	410
2 adults Larger House	623	548	514	479	445	410
3 adults Average House	479	568	580	591	603	615
3 adults Larger House	623	648	640	632	623	615

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	227	222	216	211	205
1 adult Smaller House	335	227	222	216	211	205
2 adults Smaller House	335	454	443	432	421	410
2 adults Average House	479	454	443	432	421	410
2 adults Larger House	623	454	443	432	421	410
3 adults Average House	479	681	665	648	632	615
3 adults Larger House	623	681	665	648	632	615

Note: all figures assume unchanged cash spending and income from 1987-88.

W. Oxfordshire

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, MODERATE SPENDING AUTHORITY: (WOLVERHAMPTON)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	126	153	179	205
1 adult Smaller House	351	313	286	259	232	205
2 adults Smaller House	351	413	412	411	411	410
2 adults Average House	501	504	480	457	433	410
2 adults Larger House	651	595	549	502	456	410
3 adults Average House	501	604	607	609	612	615
3 adults Larger House	651	695	675	655	635	615

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	254	242	230	217	205
1 adult Smaller House	351	254	242	230	217	205
2 adults Smaller House	351	508	484	459	435	410
2 adults Average House	501	508	484	459	435	410
2 adults Larger House	651	508	484	459	435	410
3 adults Average House	501	762	725	689	652	615
3 adults Larger House	651	762	725	689	652	615

Note: all figures assume unchanged cash spending and income from 1987-88.

Wolverhampton
for

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, LOW SPENDING AUTHORITY: (BIRMINGHAM)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	122	143	165	186
1 adult Smaller House	347	308	277	247	216	186
2 adults Smaller House	347	408	399	390	381	372
2 adults Average House	496	497	466	434	403	372
2 adults Larger House	645	586	532	479	425	372
3 adults Average House	496	597	587	577	568	558
3 adults Larger House	645	686	654	622	590	558

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	249	233	218	202	186
1 adult Smaller House	347	249	233	218	202	186
2 adults Smaller House	347	498	467	435	404	372
2 adults Average House	496	498	467	435	404	372
2 adults Larger House	645	498	467	435	404	372
3 adults Average House	496	747	700	653	605	558
3 adults Larger House	645	747	700	653	605	558

Note: all figures assume unchanged cash spending and income from 1987-88.

Birmingham

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, LOW SPENDING AUTHORITY: (CARRICK)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	117	133	150	166
1 adult Smaller House	221	191	185	179	172	166
2 adults Smaller House	221	291	301	312	322	332
2 adults Average House	316	330	331	331	332	332
2 adults Larger House	411	369	360	351	341	332
3 adults Average House	316	430	447	464	481	498
3 adults Larger House	411	469	476	484	491	498

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	170	169	168	167	166
1 adult Smaller House	221	170	169	168	167	166
2 adults Smaller House	221	340	338	336	334	332
2 adults Average House	316	340	338	336	334	332
2 adults Larger House	411	340	338	336	334	332
3 adults Average House	316	510	507	504	501	498
3 adults Larger House	411	510	507	504	501	498

Note: all figures assume unchanged cash spending and income from 1987-88

Carrick

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, LOW SPENDING AUTHORITY: (HORSHAM)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	112	125	137	149
1 adult Smaller House	282	246	222	198	173	149
2 adults Smaller House	282	346	334	322	310	298
2 adults Average House	403	409	381	354	326	298
2 adults Larger House	524	472	429	385	342	298
3 adults Average House	403	509	494	478	463	447
3 adults Larger House	524	572	541	510	478	447

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	208	193	179	164	149
1 adult Smaller House	282	208	193	179	164	149
2 adults Smaller House	282	416	387	357	328	298
2 adults Average House	403	416	387	357	328	298
2 adults Larger House	524	416	387	357	328	298
3 adults Average House	403	624	580	536	491	447
3 adults Larger House	524	624	580	536	491	447

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

MODERATE RATABLE VALUE, LOW SPENDING AUTHORITY: (MOLE VALLEY)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	117	135	152	169
1 adult Smaller House	351	300	268	235	202	169
2 adults Smaller House	351	400	385	369	354	338
2 adults Average House	501	486	449	412	375	338
2 adults Larger House	651	572	514	455	397	338
3 adults Average House	501	586	566	547	527	507
3 adults Larger House	651	672	631	590	548	507

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	244	225	207	188	169
1 adult Smaller House	351	244	225	207	188	169
2 adults Smaller House	351	488	451	413	376	338
2 adults Average House	501	488	451	413	376	338
2 adults Larger House	651	488	451	413	376	338
3 adults Average House	501	732	676	620	563	507
3 adults Larger House	651	732	676	620	563	507

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

Tewksbury

MODERATE RATABLE VALUE, LOW SPENDING AUTHORITY: (TEWKSBURY)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
1 adult Smaller House	305	263	240	218	195	173
2 adults Smaller House	305	363	359	354	350	346
2 adults Average House	435	433	411	389	368	346
2 adults Larger House	566	502	463	424	385	346
3 adults Average House	435	533	529	526	522	519
3 adults Larger House	566	602	582	561	540	519

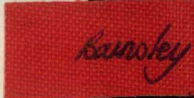
NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	215	205	194	184	173
1 adult Smaller House	305	215	205	194	184	173
2 adults Smaller House	305	430	409	388	367	346
2 adults Average House	435	430	409	388	367	346
2 adults Larger House	566	430	409	388	367	346
3 adults Average House	435	645	614	582	551	519
3 adults Larger House	566	645	614	582	551	519

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, HIGH SPENDING AUTHORITY: (BARNLSLEY)



DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	141	182	223	264
1 adult Smaller House	230	200	216	232	248	264
2 adults Smaller House	230	300	357	414	471	528
2 adults Average House	328	343	389	435	482	528
2 adults Larger House	426	385	421	457	492	528
3 adults Average House	328	443	530	617	705	792
3 adults Larger House	426	485	562	639	715	792

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	173	196	219	241	264
1 adult Smaller House	230	173	196	219	241	264
2 adults Smaller House	230	346	392	437	483	528
2 adults Average House	328	346	392	437	483	528
2 adults Larger House	426	346	392	437	483	528
3 adults Average House	328	519	587	656	724	792
3 adults Larger House	426	519	587	656	724	792

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, HIGH SPENDING AUTHORITY: (CARLISLE)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	141	182	223	264
1 adult Smaller House	267	238	244	251	257	264
2 adults Smaller House	267	338	385	433	480	528
2 adults Average House	382	397	430	462	495	528
2 adults Larger House	497	456	474	492	510	528
3 adults Average House	382	497	571	644	718	792
3 adults Larger House	497	556	615	674	733	792

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	201	217	233	248	264
1 adult Smaller House	267	201	217	233	248	264
2 adults Smaller House	267	402	434	465	497	528
2 adults Average House	382	402	434	465	497	528
2 adults Larger House	497	402	434	465	497	528
3 adults Average House	382	603	650	698	745	792
3 adults Larger House	497	603	650	698	745	792

Note: all figures assume unchanged cash spending and income from 1987-88.

Carlisle

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

When?

LOW RATABLE VALUE, MODERATE SPENDING AUTHORITY: (EDEN)

Eden

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	136	172	207	243
1 adult Smaller House	235	206	216	225	234	243
2 adults Smaller House	235	306	351	396	441	486
2 adults Average House	335	352	386	419	453	486
2 adults Larger House	436	398	420	442	464	486
3 adults Average House	335	452	521	591	660	729
3 adults Larger House	436	498	556	613	671	729

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	179	195	211	227	243
1 adult Smaller House	235	179	195	211	227	243
2 adults Smaller House	235	358	390	422	454	486
2 adults Average House	335	358	390	422	454	486
2 adults Larger House	436	358	390	422	454	486
3 adults Average House	335	537	585	633	681	729
3 adults Larger House	436	537	585	633	681	729

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, MODERATE SPENDING AUTHORITY: (HYNDBURN)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	128	156	184	212
1 adult Smaller House	181	156	170	184	198	212
2 adults Smaller House	181	256	298	340	382	424
2 adults Average House	259	279	316	352	388	424
2 adults Larger House	337	303	333	364	394	424
3 adults Average House	259	379	444	508	572	636
3 adults Larger House	337	403	461	520	578	636

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	142	160	177	195	212
1 adult Smaller House	181	142	160	177	195	212
2 adults Smaller House	181	284	319	354	389	424
2 adults Average House	259	284	319	354	389	424
2 adults Larger House	337	284	319	354	389	424
3 adults Average House	259	426	479	531	584	636
3 adults Larger House	337	426	479	531	584	636

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, MODERATE SPENDING AUTHORITY: (PENDLE)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	128	156	184	212
1 adult Smaller House	166	147	163	179	196	212
2 adults Smaller House	166	<i>+492</i> 247	291	<i>+727</i> 335	380	424
2 adults Average House	237	266	306	345	385	424
2 adults Larger House	308	286	321	355	390	424
3 adults Average House	237	366	434	501	569	636
3 adults Larger House	308	386	449	511	574	636

Pendle

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	137	156	175	193	212
1 adult Smaller House	166	137	156	175	193	212
2 adults Smaller House	166	<i>+652</i> 274	312	<i>+556</i> 349	387	424
2 adults Average House	237	<i>274</i> 274	312	349	387	424
2 adults Larger House	308	274	312	349	387	424
3 adults Average House	237	411	467	524	580	636
3 adults Larger House	308	411	467	524	580	636

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, LOW SPENDING AUTHORITY: (FENLAND)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	121	143	164	185
1 adult Smaller House	242	216	208	201	193	185
2 adults Smaller House	242	316	330	343	357	370
2 adults Average House	345	366	367	368	369	370
2 adults Larger House	449	416	404	393	381	370
3 adults Average House	345	466	488	510	533	555
3 adults Larger House	449	516	525	535	545	555

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	187	187	186	186	185
1 adult Smaller House	242	187	187	186	186	185
2 adults Smaller House	242	374	373	372	371	370
2 adults Average House	345	374	373	372	371	370
2 adults Larger House	449	374	373	372	371	370
3 adults Average House	345	561	560	558	557	555
3 adults Larger House	449	561	560	558	557	555

Note: all figures assume unchanged cash spending and income from 1987-88.

Fenland

ILLUSTRATIVE HOUSEHOLD LOCAL TAX BILLS

LOW RATABLE VALUE, LOW SPENDING AUTHORITY: (YORK)

DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
1 adult Smaller House	188	157	161	165	169	173
2 adults Smaller House	188	257	279	301	324	346
2 adults Average House	269	281	297	314	330	346
2 adults Larger House	350	305	316	326	336	346
3 adults Average House	269	381	416	450	485	519
3 adults Larger House	350	405	434	462	491	519

NO DUAL RUNNING.

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	141	149	157	165	173
1 adult Smaller House	188	141	149	157	165	173
2 adults Smaller House	188	282	298	314	330	346
2 adults Average House	269	282	298	314	330	346
2 adults Larger House	350	282	298	314	330	346
3 adults Average House	269	423	447	471	495	519
3 adults Larger House	350	423	447	471	495	519

Note: all figures assume unchanged cash spending and income from 1987-88.



FROM: A C S ALLAN

DATE: 16 November 1987

MR B H POTTER

cc PS/Chief Secretary
Mr Fellgett
Mr Tyrie**E(LF): TRANSITION TO THE COMMUNITY CHARGE**

The Chancellor has seen the Cabinet Office note for tomorrow's meeting. You have told me separately that your brief will cover the position of grannies and HB.

2. He would be grateful if you could check the second half of the table for Stockton: are the figures really the suspiciously round £250's, £500's and £750's?

confirmed OK.

3. On the first set of tables, he feels we need to focus on the number of losers (a) over £2 a week and (b) over £5 a week on both options, with their distribution by household type. On the second set of tables, we need to focus on households where bills double or more. On the third set of tables, we need to focus especially on two adult smaller households and three adult average households - especially where 1990-91 bill is significantly greater than 1994-95 bill.

AC SA

A C S ALLAN

ACSA
→
POTTER
16/11

copy 1476.

YOUNG
TO
NORCROFT
16/11



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
SW1A 2AA

CH/EXCHEQUER	
REC.	16 NOV 1987 <i>16/11</i>
ACTION	CST
COPIES TO	

16 November 1987

Dear David,

COMMUNITY CHARGE: TRANSITION

Thank you for your letter of 13 November, with which you enclosed the Cabinet Office's paper for tomorrow's meeting.

As you said in your letter, officials here have been doing further work since Friday afternoon in an attempt to provide additional tables, requested by the Treasury, showing the impact on individuals rather than households.

These additional tables are enclosed. They are the equivalents of Annex B to the paper as circulated by you. They replace the manuscript "Total gainers - adults" and "Total losers - adults" lines on Annexes B and C - those lines can now be deleted.

I am copying this letter and the tables to Alex Allan, Mike Eland, Steven Wood, Jill Rutter, Murdo Maclean and Trevor Woolley.

Yours,

Robin

R U YOUNG
Private Secretary

Ch

This seems to me a bit of a shift in the foot. Aggregate number of gainers & losers go up, but number gaining/losing over £2pw (say) goes down.

AA

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

al
Running

ENGLAND
(000s)

1990/91

1994/95

Single pensioner Other single adult 2 adults 3+ adults All household All household

LOSERS (£/week)

10+	-	-	-	-	-	-	15
5-10	-	-	-	-	-	25	379
2-5	-	-	-	20	20	812	1839
1-2	4	38	252	611	905		4096
0-1	361	423	11406	5792	17982		10401

ef by
household

Total individuals
in losing
households

364 461 11658 6422 18907 16730

GAINERS (£ /week)

0-1	1600	1015	8440	1386	12441		9919
1-2	265	447	1050	96	1858		3706
2-5	155	192	234	3	584	1012	2907
5-10	6	7	2	-	15	77	501
10+	-	1	-	-	1	4	40

Total individuals
in gaining
households

2027 1662 9726 1482 14899 17075

Dual running in
inner London
only

LOSERS (£ /week)

10+	-	-	-	-	-	37	15
5-10	-	-	-	7	7	426	379
2-5	4	37	254	627	922	2328	1839
1-2	28	114	2354	2432	4928		4096
0-1	350	320	9206	3689	13565		10401

Total individuals
in losing
households

382 471 11816 6755 19422 16730

GAINERS (£ /week)

0-1	1352	737	6338	901	9328		9919
1-2	212	285	1918	168	2583		3706
2-5	336	521	1180	76	2113	2139	2907
5-10	101	98	130	3	332	588	501
10+	8	12	6	-	26	97	40

Total individuals
in gaining
households

2009 1653 9574 1148 14380 17075

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

Dual
runningNORTH
(000s)

1990/91

1994/95

	Single pensioner	Other single adult	2 adults	3+ adults	All household	All household
--	------------------	--------------------	----------	-----------	---------------	---------------

LOSERS (£/week)

10+	-	-	-	-	-	4
5-10	-	-	-	-	-	47
2-5	-	-	-	3	3	941
1-2	1	13	96	197	307	2101
0-1	130	118	3364	1925	5537	4320

Total individuals
in losing
households

131	131	3460	2125	5847	7412
-----	-----	------	------	------	------

GAINERS (£/week)

0-1	577	331	2656	528	4092	2187
1-2	82	128	428	46	684	631
2-5	53	59	106	-	218	542
5-10	3	2	-	-	5	66
10+	-	-	-	-	-	4

Total individuals
in gaining
households

715	521	3190	574	5000	3431
-----	-----	------	-----	------	------

Dual running in
inner London
only

LOSERS (£/week)

10+	-	-	-	-	-	4
5-10	-	-	-	2	2	47
2-5	1	14	68	173	256	941
1-2	11	23	758	848	1640	2101
0-1	131	101	2842	1257	4331	4320

Total individuals
in losing
households

143	137	3668	2280	6228	7412
-----	-----	------	------	------	------

GAINERS (£/week)

0-1	511	267	1969	334	3081	2187
1-2	61	76	564	53	754	631
2-5	101	147	419	32	699	542
5-10	27	22	29	-	78	66
10+	2	2	1	-	5	4

Total individuals
in gaining
households

702	515	2982	419	4617	3431
-----	-----	------	-----	------	------

SECRET

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

Dual
Running

MIDLANDS
(000s)

1990/91

1994/95

	Single pensioner	Other single adult	2 adults	3+ adults	All household	All household
--	------------------	--------------------	----------	-----------	---------------	---------------

LOSERS (£/week)

10+	-	-	-	-	-	-
5-10	-	-	-	-	-	-
2-5	-	-	-	3	3	90
1-2	-	4	30	125	159	621
0-1	51	59	2382	1112	3604	2096

Total individuals in losing households

51	63	1241	1241	3765	2806
----	----	------	------	------	------

GAINERS (£/week)

0-1	307	185	1756	301	2549	2535
1-2	43	93	192	21	349	842
2-5	28	42	40	-	110	493
5-10	-	2	-	-	2	96
10+	-	1	-	-	1	6

Total individuals in gaining households

377	323	1988	323	3011	3970
-----	-----	------	-----	------	------

Dual running in inner London only

LOSERS (£/week)

10+	-	-	-	-	-	-
5-10	-	-	-	1	1	-
2-5	-	1	17	123	141	90
1-2	2	22	492	476	992	621
0-1	50	41	1921	710	2722	2096

Total individuals in losing households

52	64	2430	1310	3856	2806
----	----	------	------	------	------

GAINERS (£/week)

0-1	264	140	1388	202	1994	2535
1-2	42	55	375	40	512	842
2-5	55	102	181	11	349	493
5-10	16	23	23	1	63	96
10+	1	3	1	-	5	6

Total individuals in gaining households

377	323	1968	254	2922	3970
-----	-----	------	-----	------	------

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

	<u>Dual running</u>		1990/91			SOUTH (000s)
	Single pensioner	Other single adult	2 adults	3+ adults	All household	All household
LOSERS (£/week)						
10+	-	-	-	-	-	-
5-10	-	-	-	-	-	-
2-5	-	-	-	6	6	69
1-2	1	9	94	213	317	732
0-1	127	130	4202	1972	6431	2762
Total individuals in losing households	128	139	4296	2191	6754	3563
GAINERS (£/week)						
0-1	482	299	3078	428	4287	4400
1-2	98	143	370	21	632	1989
2-5	61	64	80	3	208	1642
5-10	3	1	2	-	6	277
10+	-	1	-	-	1	19
Total individuals in gaining households	643	507	3530	452	5132	8328
<u>Dual running in inner London only</u>						
LOSERS (£/week)						
10+	-	-	-	-	-	-
5-10	-	-	-	2	2	-
2-5	2	8	93	237	340	69
1-2	10	42	828	803	1683	732
0-1	113	85	3181	1215	4594	2762
Total individuals in losing households	125	134	4102	2257	6618	3563
GAINERS (£/week)						
0-1	390	185	2321	300	3196	4400
1-2	73	99	821	63	1056	1989
2-5	134	191	503	25	853	1642
5-10	47	31	76	1	155	277
10+	2	4	3	-	9	19
Total individuals in gaining households	646	512	3724	389	5271	8328

SECRET

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

	<u>Dual Running</u>					LONDON (000s)
	1990/91					1994/95
	Single pensioner	Other single adult	2 adults	3+ adults	All household	All household
LOSERS (£/week)						
10+	-	-	-	-	-	11
5-10	-	-	-	-	-	327
2-5	-	-	-	6	6	738
1-2	1	12	34	76	123	643
0-1	53	116	1458	783	2410	1230
Total individuals in losing households	54	128	1492	865	2539	2949
GAINERS (£/week)						
0-1	235	200	950	123	1508	794
1-2	42	82	60	9	193	246
2-5	14	28	8	-	50	230
5-10	1	1	-	-	2	63
10+	-	-	-	-	-	11
Total individuals in gaining households	292	312	1018	132	1754	1343
<u>Dual running in inner London only</u>						
LOSERS (£/week)						
10+	-	-	-	-	-	11
5-10	-	-	-	2	2	327
2-5	1	15	76	92	184	738
1-2	5	28	277	308	618	643
0-1	56	93	1259	506	1914	1230
Total individuals in losing households	62	136	1612	908	2718	2949
GAINERS (£/week)						
0-1	188	144	658	70	1060	794
1-2	37	55	157	10	259	246
2-5	46	80	77	8	211	230
5-10	11	22	6	1	40	63
10+	3	3	-	-	6	11
Total individuals in gaining households	284	304	898	89	1575	1343

INDIVIDUALS IN HOUSEHOLDS GAINING AND LOSING FROM THE COMMUNITY CHARGE

Dual
runningENGLAND
(000s)

1990/91

1994/95

	Single pensioner	Other single adult	2 adults	3+ adults	All household	All household
--	------------------	--------------------	----------	-----------	---------------	---------------

LOSERS (% of rates paid)

100	6	50	366	495	917	3794
80-100	4	15	278	317	614	1246
50-80	17	48	856	924	1845	2583
20-50	80	133	2570	2501	5284	4469
0-20	259	216	7590	2188	10253	4633

Total individuals
in losing
households

364	462	11660	6422	18907	16730
-----	-----	-------	------	-------	-------

GAINERS (% of rates paid)

0-20	1306	870	8176	894	11246	6011
20-50	714	769	1488	531	3502	8151
50-80	7	23	62	56	148	2872
80-100	-	-	-	-	-	44
100+	-	-	-	-	-	-

Total individuals
in gaining
households

2027	1662	9726	1482	14899	17075
------	------	------	------	-------	-------

Dual running in
inner London
only

LOSERS (% of rates paid)

100+	22	102	1354	1696	3174	3794
80-100	10	32	508	548	1098	1246
50-80	29	68	1378	1406	2881	2583
20-50	118	125	3278	1967	5488	4469
0-20	203	144	5294	1139	6780	4633

Total individuals
in losing
households

383	471	11812	6756	19422	16730
-----	-----	-------	------	-------	-------

GAINERS (% of rates paid)

0-20	558	326	5322	647	6853	6011
20-50	1083	845	3690	432	6050	8151
50-80	365	477	558	69	1469	2872
80-100	2	4	2	-	8	44
100+	-	-	-	-	-	-

Total individuals
in gaining
households

2009	1653	9572	1148	14380	17075
------	------	------	------	-------	-------

ANCELLOR

FROM: B H POTTER

Date: 16 November 1987

cc: Chief Secretary
Paymaster General
Sir Peter Middleton
Mr Anson
Mr Hawtin
Mr Scholar
Mr Turnbull
Mr Fellgett
Mr Tyrle

TRANSITION TO THE COMMUNITY CHARGE

At the Prime Minister's meeting tomorrow, the aim will be to convince colleagues that they should stick with the decision to have dual-running throughout England as announced in July. The attached speaking note and further briefing, prepared by Mr Fellgett, presents the case for dual-running. The briefing attached to my minute of 10 November is also relevant.

2. The outcome of the meeting is likely to turn on the line taken by those 'neutral' Ministers attending - in particular, the Lord Privy Seal. But if the balance of view is against dual-running, we need a satisfactory fall-back position.

Fall-back position

3. In earlier discussion with us, you indicated that you might be prepared to accept dual-running in London only - if, as a condition, it was accepted that there would be no Exchequer subsidy. Mr Ridley can probably be persuaded to give such an assurance now to secure agreement on no dual-running outside London. But it would be difficult to make such an agreement to stick. The real danger lies in the inevitable pressures for extra grant to keep down community charge bills in 1990-91. These pressures will be very much greater (and less politically resistible) if there is no dual running.

There may, however, be a more satisfactory fall-back, which could keep open the option of a much wider application of dual-running. If the meeting favours dual-running in London only, we suggest you argue:-

- i) that the Rates Reform Bill should provide in main legislation for dual-running in certain local authorities in England;
- ii) that the Government would lay down by Order which authorities should have dual-running.

5. The Bill could provide enabling power for universal or selective dual running, rather like the present rate capping system. We are aware of no legislative arguments against this course. But, for tactical reasons, this idea has not been discussed with DOE officials.

I very much doubt PM would wear it

Fall-back: line to take

6. The line of argument would run as follows:-

- i) appreciate view of meeting, strength of backbench feeling and need for an agreement now so legislation can be drafted;
- ii) but remain very concerned about political and financial implications; convinced that political perception of backbenchers will change, once the scale of the impact on local tax bills particularly in the South (even with the modified safety net) becomes clear;
- iii) alarmed at the implications for the Exchequer; in September DOE published a booklet indicating a £100 Community Charge (CC) throughout England; last week newspapers published figures for the full CC in 1994/95; a decision now against dual-running outside London would mean even higher CC figures for 1990-91 becoming public for LAs in the South and outer London; as the (ever-rising) projected CC figures for 1990-91 sink in, huge pressures will continue to build up for more Exchequer grant to keep CC bills down;

SECRET

✓ iv) also by no means convinced that the line now proposed for those with and without dual-running will prove credible or sustainable; why include Waltham Forest only of the outer London boroughs; how credible by 1990-91 (let alone 1993-94) will be a line based on 1987-88 budgets to decide who has dual-running (several authorities could have changed political control and some may have higher excess spending p.c than Waltham Forest by then); this is DOE's third attempt to draw the line in the last 10 days (the lower threshold, of £80 proposed last week would at least have included other major inner cities); do not believe that the line can be drawn now; must retain the ability to determine who does and does not have dual-running nearer April 1990;

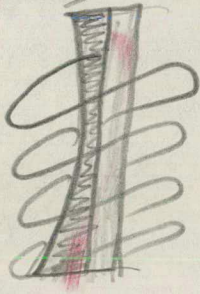
v) you accept an announcement is needed now (the Prime Minister will resist any further delay) but you strongly urge a flexible approach; propose Government should say there will be dual-running in inner London and that the possibility of extending it to other parts of England has not been ruled out: the Government will decide later precisely where the line will be drawn - but it will be set in good time for LAs to plan for introduction of the CC; on this basis, you suggest revised form of legislation.

7. We consider that the fall-back proposal makes good political and financial sense. The drawback is in defining an appropriate public stance: the Government cannot say it is waiting to see whether excessive LA spending means that dual-running will have to be pursued more widely (even though that is the reality). Rather, if pressed on the criteria to be applied, the line to take might be to refer to areas like inner cities as needing more time to reduce their spending and for individuals to adjust to the high CC in prospect.

Barry H. Potter

B H POTTER

~~1/2~~ support
face



SPEAKING NOTE

Annex D contains examples which shows how dual running would produce a smoother change from rates to Community Charge between 1989 and 1994 than Environment Secretary's proposal. It covers a range of households and a wide variety of local authority areas, of different circumstances in all parts of England. Numbers and choice of areas agreed with DOE.

Key points are:

1. Community Charge bills would be between £137 (Pendle) and £325 (Basildon) in 1990-91 under the Environment Secretary's proposal. The differences are mainly a consequence of the present RSG system and the safety net; little to do with accountability; final CC's in 1994-95 would be £212 in Pendle and £259 in Basildon. Under the July agreement to 4 year dual running everyone has a Community Charge bill of £100 in 1990-91, on the underlying assumptions of the paper, and then progress in even steps to the full CC.

2. Under Environment Secretary's proposal therefore, we are imposing higher, new and capricious burdens on the new payer.

3. The Environment Secretary's proposal also means that a couple in a smaller house and 3 adults in an average house lose more in all areas in 1990-91. On the other hand, the July agreement would still allow one adult in a smaller house and 2 adults in a larger house to gain everywhere in 1990-91.

4. The Environment Secretary's proposal means unnecessarily large increases in bills in 1990-91 for new payers, couples in small houses and 3 adults in average houses in many parts of the country, followed by decreases in 1991-92 and later - the perverse 'hump'. In Elmbridge, for example, the Environment Secretary proposes an increase of £130 for a couple in a smaller house, followed by decreases of £37.50 each year; the July agreement means small reductions of £3-£7 every year. Similar problems with humps in most high and some moderate rateable value

areas in the South and Midlands: Ealing, St Albans, Cambridge, Croydon, Eastbourne, Epsom and Ewell, Basildon, W.Oxfordshire, Wolverhampton, Birmingham, Horsham, Mole Valley, Tewksbury.

5. Conversely, Environment Secretary proposes over - large reductions in 1990-91 for single adults in smaller houses and couples in larger houses in low to moderate r.v. areas, requiring unnecessarily large increases in 1991-92 and later - the 'dip'. Examples: Darlington, Barnsley, Carlisle, Eden, Hyndburn, Pendle, York.

July agreement to dual running therefore essential to give reasonably smooth transition from rates to full CC in 1994-95. Avoids big losers in 1990-91, and avoids perverse big ups and downs in successive years.

POINTS TO MAKE ON GAINERS AND LOSERS

2.8m
0.8mAnnex B (Households):

1. Environment Secretary proposes an extra (cf ~~July agreement~~ ^{dual running})
1,954,000 households should lose over £2 pw in 1990-91. Of these:

(i) 669,000 are in the South; 628,000 in the North;
390,000 in the Midlands; 264,000 in outer London.

(ii) 1,177,000 are couples (2 adult households);

(iii) 438,000 lose over £5 pw;

(iv) 599,000 in the South lose unnecessarily; the
'hump' at work.

Annex C:1.3m
0.4m

1. Environment Secretary proposes extra 928,000 households
should face losses of over 100% (ie bills more than doubling)
in 1990-91. Of these:

(i) largest proportion in North (532,000), followed
by Midlands (268,000), South (434,000), and outer London
(81,000).

Annex D:

1. Shows also how indefensible Environment Secretary's dividing
line is:

(i) CCs in 1990-91 of up to £325 (Basildon) whereas
Wandsworth has dual running despite a CC that would
be £216.

(ii) CCs above £216 with no dual running among examples
are: Ealing, Harlow, Elmbridge, St Albans, S.Bucks,
Cambridge, Eastbourne, Epsom and Ewell, Basildon,
Stockton, W.Oxfordshire, Wolverhampton, Birmingham,
Mole Valley.

DOE Tables of Individuals

Extra 900,000

1. Environment Secretary proposes 929,000 individuals lose over £2 pw in 1990-91. July agreement means only 20,000 big losers. Of extra 909,000 individuals losing £2 pw:

(i) 336,000 in South, 255,000 in North, 180,000 in outer London, 139,000 in Midlands;

(ii) 617,000 among 3+ adult households (includes Granny) and 254,000 among couples.

2. Environment Secretary proposes 4,023,000 extra individuals lose over £1 pw:

(i) just over half are among couples and one-third in the South;

(ii) 1,224 individuals in the South lose £1 pw unnecessarily; the 'hump' at work.

3. Environment Secretary proposes 2,257,000 extra individuals see bills doubled: 1,201,000 among large households and 988,000 among couples but even 16,000 single pensioners.

Specimen districts - see table

The hump - Many LA's will see spend up to it.

No extra money to mitigate - consequence - we have taken a with a

3 1/4 m of ~~extra~~ < 1 m - Extra 2 1/4 m

COMMUNITY CHARGE AND GRANNIES

You drew attention to the high bills facing 3 adult households, eg couple with granny. The Prime Minister argued that in poorer households 80% of granny's contribution would be met by rebates.

No data are available on the income distribution of elderly parents living in three adult households. But, if their income is distributed in the same proportions as for single pensioners in general, about 36% would get full rebate and a further 23% in partial CC rebate. But you can make the following points:

- rebates are public money (although not classified as public expenditure), and you have no wish to fund the transition through this or any other means;
- about 1.6 million single pensioners would get no CC rebate; for the bulk of these, the CC bills under Mr Ridley's proposals in 1990-91 must be a major new financial burden.

COMMUNITY CHARGE REBATES

*NA over 65 is
partially used.*

Income (£ per week) at which various categories are eligible for rebate, and numbers (thousands of tax units) for each category:

	80% rebate	partial rebate	no rebate
Single pensioner	<£42.25	£42.25-£64.00	>£64.00
Number	1400	900	1600
Pensioner couple	<£65.00	£65.00-£108.50	>£108.50
Number	150	800	1400
Couple (2 children under 11)	<£85.50	£85.50-£129.00	>£129.00
Number of couples with children	250	300	8350
Couple (no children)	<£59.00	£59.00-£102.50	>£102.50
Number	100	150	4750
Single 18-24	<£23.40	£23.40-£45.15	>£45.15
Single 25+	<£29.80	£29.80-£51.55	>£51.55
Number of singles	1700	150	6650
Single parent (1 child under 11)	<£65.00	£65.00-£86.75	>£86.75
Number of single parents	600	200	200

HEALTH WARNING: The numbers of claimants in table are Treasury best guess, based on Social Security Green Paper Technical Annex, adjusted for change in caseload associated with community charge introduction. They are highly approximate at best.

Assumes (i) community charge of £225 per year

(ii) taper of 20% on income above Income Support levels
(as from April 1988 for rate rebate)

(iii) earnings disregard for benefit purposes of £5 for
singles and £10 for couples.

(iv) pensioners income is state and other pension (i.e. no
disregard).

(v) Capital of up to £3000 is disregarded. For each extra
£250 of capital £1 per week of income is assumed up to a
limit of £6000 above which no benefit is payable.

(vi) income is net of tax, NICs, income-related benefits,
and child benefit.



Prime Minister

TRANSITION TO THE COMMUNITY CHARGE

We are meeting on Tuesday to discuss transitional arrangements for the community charge again. I would like to alert you to two points in advance.

1. I have attended two meetings of the backbench Committee and a conference of Tory Councillors, and Ministers have had numerous meetings in the country. I have to emphasise that there has been near unanimity that there should be no dual-running (except in London). All the letters we have had from local authorities outside London have been against dual-running. You heard the view of the Party Conference. I do not myself believe it would be possible to get our supporters in the House to accept dual-running, (except in London). Having consulted them twice, it would be provocative in the extreme if we did the reverse of what they so clearly want.
2. In any area where "dual-running" is in place, it is necessary to add £5 extra to the community charge, which represents the extra cost of keeping the rates going as well as bringing in the community charge. The community charge figures for 1 person households should be increased by £5, 2 person households by £10, and 3 person households by £15. The total cost of dual-running throughout England over 4 years would be £7-800 million.

I am copying this to Willie Whitelaw, Nigel Lawson, John Wakeham, John Major, Michael Howard, David Waddington and Sir Robert Armstrong.

CMO
RIDLEY
TO
PM
16/11

Alex



A revised
version of
the hand
out is ^{now}
enclosed.

Robin

Robin

Chancellor feels
letters will be easier
to follow if we omit
July package & just
have what Ch & Budget
we are proposing.

Plus some amendments
& covering note.

Can you get it done
urgently? (I can get
copying done).

Please also say re one
or two other points.

Alex

16/11/87.

has been marked
to the Committee
about grants

EFFECTS ON HOUSEHOLDS

Very early

There is no information available on winners and losers by area and household type, year by year, under different transition options.

2. Some examples have been provided by DOE. The attached tables show further examples of households in key areas for two options:-

the Secretary of State in Annex B

i) The transition agreed and announced in July, as announced by

ii) This transition with the modified safety net now proposed by the Environment Secretary.

iii) The Environment Secretary's latest proposal: no transition outside inner London and certain other areas.

3. The tables show, by area, the annual household bill for each year from the last year of rates (1989-90) to the end of the safety net (1994-95) for:-

- a person paying local tax for the first time;
- a couple in a modest house;
- a couple in a larger house;
- a couple with an elderly relative living in an average house.

The main points are:

- i) for a new payer, no transition means a bill in 1990-91 ranging from £141 in York to £297 in Barnet; with a transition, the bill would be £100 throughout England;
- ii) for a couple in a modest house no transition means a bigger increase in 1990-91 than with transition, although in the South they are not eventual losers;
- iii) *gaines* a couple in a larger house benefit from the absence of a transition - even though they are not eventual ~~winners~~ in the North;
- iv) a couple with an elderly relative would pay more in 1990-91 without a transition; in the North, they are eventually big losers, while in the South they see little change in their bills in the long-term; ←
- v) the modification to the safety net helps all categories in St Albans and Barnet (apart from the new payer), at the expense of households in Hyndburn and York; ←
Cambridge is unaffected;
- vii) with a transition all categories face a smoother progression to their full community charge, without major rises and falls in successive years.

H M Treasury

11 November 1987

St. Albans
 Wt spent in
 table:

ILLUSTRATIVE EFFECTS OF TRANSITION ON HOUSEHOLDS

District: **St. Albans**

JULY AGREEMENT : FULL SAFETY NET AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	126	152	178	204
2 adults						
70%average r.v.	439	491	470	449	429	408
2 adults						
130%average r.v.	815	740	657	574	491	408
3 adults						
100%average r.v.	627	715	689	664	638	612

MODIFIED SAFETY NET (£75 CAP) AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	126	152	178	204
2 adults						
70%average r.v.	439	465	451	437	422	408
2 adults						
130%average r.v.	815	693	622	550	479	408
3 adults						
100%average r.v.	627	679	662	646	629	612

ENVIRONMENT SECRETARY'S PROPOSAL: MODIFIED SAFETY NET, NO TRANSITION.

Initial charge:£ 279

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	279	260	242	223	204
2 adults						
70%average r.v.	439	558	521	483	446	408
2 adults						
130%average r.v.	815	558	521	483	446	408
3 adults						
100%average r.v.	627	837	781	725	668	612

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS OF TRANSITION ON HOUSEHOLDS

Barnet.

District: Barnet

~~JULY AGREEMENT : FULL SAFETY NET AND 4 YEAR TRANSITION.~~~~Initial charge:£ 100~~

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	131	161	192	222
2 adults						
70%average r.v.	459	514	496	479	461	444
2 adults						
130%average r.v.	852	783	698	613	529	444
3 adults						
100%average r.v.	655	748	728	707	687	666

MODIFIED SAFETY NET (£75 CAP) AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	131	161	192	222
2 adults						
70%average r.v.	459	485	475	464	454	444
2 adults						
130%average r.v.	852	729	658	587	515	444
3 adults						
100%average r.v.	655	707	697	687	676	666

ENVIRONMENT SECRETARY'S PROPOSAL: MODIFIED SAFETY NET, NO TRANSITION.

Initial charge:£ 297

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	297	278	260	241	222
2 adults						
70%average r.v.	459	594	557	519	482	444
2 adults						
130%average r.v.	852	594	557	519	482	444
3 adults						
100%average r.v.	655	891	835	779	722	666

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS OF TRANSITION ON HOUSEHOLDS

Cambridge

District: Cambridge

LIBRARY AGREEMENT : FULL SAFETY NET AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	123	145	168	190
2 adults						
70%average r.v.	379	435	421	407	394	380
2 adults						
130%average r.v.	703	636	572	508	444	380
3 adults						
100%average r.v.	541	635	619	603	586	570

MODIFIED SAFETY NET (£75 CAP) AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	123	145	168	190
2 adults						
70%average r.v.	379	435	421	407	394	380
2 adults						
130%average r.v.	703	636	572	508	444	380
3 adults						
100%average r.v.	541	635	619	603	586	570

ENVIRONMENT SECRETARY'S PROPOSAL: MODIFIED SAFETY NET, NO TRANSITION.

Initial charge:£ 263

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	263	245	227	208	190
2 adults						
70%average r.v.	379	526	490	453	417	380
2 adults						
130%average r.v.	703	526	490	453	417	380
3 adults						
100%average r.v.	541	789	734	680	625	570

Note: all figures assume unchanged cash spending and income from 1987-88.

ILLUSTRATIVE EFFECTS OF TRANSITION ON HOUSEHOLDS

York

District: York

JULY AGREEMENT : FULL SAFETY NET AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
2 adults						
70%average r.v.	188	250	274	298	322	346
2 adults						
130%average r.v.	350	293	306	319	333	346
3 adults						
100%average r.v.	269	371	408	445	482	519

MODIFIED SAFETY NET (£75 CAP) AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	118	137	155	173
2 adults						
70%average r.v.	188	257	279	301	324	346
2 adults						
130%average r.v.	350	305	316	326	336	346
3 adults						
100%average r.v.	269	381	416	450	485	519

ENVIRONMENT SECRETARY'S PROPOSAL: MODIFIED SAFETY NET, NO TRANSITION.

Initial charge:£ 141

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	141	149	157	165	173
2 adults						
70%average r.v.	188	282	298	314	330	346
2 adults						
130%average r.v.	350	282	298	314	330	346
3 adults						
100%average r.v.	269	423	447	471	495	519

Note: all figures assume unchanged cash spending and income from 1987-88

ILLUSTRATIVE EFFECTS OF TRANSITION ON HOUSEHOLDS

Hyndburn

District: Hyndburn

JULY AGREEMENT : FULL SAFETY NET AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	128	156	184	212
2 adults 70%average r.v.	181	249	293	336	380	424
2 adults 130%average r.v.	337	291	324	357	391	424
3 adults 100%average r.v.	259	370	436	503	569	636

MODIFIED SAFETY NET (£75 CAP) AND 4 YEAR TRANSITION.

Initial charge:£ 100

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	100	128	156	184	212
2 adults 70%average r.v.	181	256	298	340	382	424
2 adults 130%average r.v.	337	303	333	364	394	424
3 adults 100%average r.v.	259	379	444	508	572	636

ENVIRONMENT SECRETARY'S PROPOSAL: MODIFIED SAFETY NET, NO TRANSITION.

Initial charge:£ 142

Household	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
New Payer						
1 adult	0	142	160	177	195	212
2 adults 70%average r.v.	181	284	319	354	389	424
2 adults 130%average r.v.	337	284	319	354	389	424
3 adults 100%average r.v.	259	426	479	531	584	636

Note: all figures assume unchanged cash spending and income from 1987-88.

Telephone
01-212 8001

DEPARTMENT OF THE
ENVIRONMENT
2 MARSHAM STREET
SW1P 3EB



A handwritten signature in blue ink, appearing to be "P. J. G.", written in a cursive style.

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

ENVIRONMENT

NEWS RELEASE

470

17 November 1987

DOMESTIC RATES TO BE ABOLISHED IN MOST AREAS
OF ENGLAND IN 1990

The Government has decided to introduce the Community Charge in one go on 1 April 1990 in all local authorities in England, except for the highest spending areas in London, Environment Secretary Nicholas Ridley told the House of Commons today.

In a small number of areas where spending is highest, either as a result of the Inner London Education Authority, or the Borough, or both, the Community Charge will be phased in over four years between 1990-1994.

For those high-spending areas every adult will pay a £100 Community Charge in 1990/1991 if spending is unchanged compared with the previous year. At the same time, households in those areas will pay a proportion of their rates. The proportion will decline steadily to zero over the following four years while the Community Charge will increase. For all other areas Community Charge will be introduced fully on 1 April 1990.

As previously announced there will also be a safety net, phased out over four years to limit the effects of the move to the new grant and business rate systems on Community Charge payers and ratepayers. It is now proposed, however, that there will be a maximum contribution to the safety net of £75 per adult in any area.

In a written answer to a Parliamentary Question from Jeff Rooker MP (Perry Barr), Mr Ridley said:

"The Government has given careful consideration to the arrangements for introducing the Community Charge in England in 1990/91, in the light of the many representations that have been made. There are two elements: the introduction of the community charge and abolition of domestic rates within each area; and the phasing-in of the impact of changes in grant and non-domestic rates on individual areas (safety netting).

"We have decided that the vast majority of areas should introduce the full, safety netted Community Charge in 1990/91; domestic rates will be abolished in those areas from 31 March 1990. However, in some areas where spending is particularly high either as a result of the Inner London Education Authority, or the Borough, or both, it would be too disruptive to introduce the new system in full in one go. That was the reason for our initial phasing-in proposals. In the light of comments on these proposals we have now decided to concentrate the phasing-in on these particular areas only.

This will give them more time to adjust their spending, while ensuring that the benefits of the new system will flow through more quickly elsewhere.

"In areas where local authorities have budgeted to spend more than £130 per head above their Grant Related Expenditure assessments in 1987/88, we propose that the Community Charge should therefore be introduced only partially in 1990/91 at £100 (assuming unchanged spending). Domestic rates there will be phased out and the full Community Charge phased in between 1990/91 and 1994/95. On this basis, the phasing-in would only apply throughout inner London, and in the London Borough of Waltham Forest.

"The safety net which we have already announced, will enable the effect on domestic taxpayers of changes in the grant and non-domestic rate arrangements to come through gradually. In 1990/91 the safety net will ensure that there is no change in the distribution of grant and non-domestic rates between areas, except that we now propose that contributions will be limited to a maximum of £75 per adult in any area. This will slightly reduce the extent to which areas are able to gain from the safety net. The safety net will be phased out in equal steps between 1991/92 and 1994/95."

"I have today placed in the Library tables illustrating the impact of these proposals on each local authority area, on the basis of 1987/88 spending."

NOTES TO EDITORS

Phasing out rates determines the speed at which the cost of paying for local services shifts between individuals in the same area (from, for example, single pensioner homeowners to those living in households with several adults). The phasing in of these grant and non-domestic rate changes determines how quickly changes in the overall amounts of domestic taxation (from domestic rates and the Community Charge combined) should occur.

The safety net will ensure that the grant and non-domestic rate changes are phased in over four years, rather than immediately, thus cushioning the impact of the new arrangements for areas which would otherwise have to raise more in total from their residents. So some authorities will benefit from the safety net, while others will contribute towards its cost. However, the maximum contribution which any authority must make to the safety net will be limited to £75 per adult. The attached tables show what these decisions mean for the residents of each local authority.

The Government has announced that certain people will be exempt from the Community Charge. They are: the severely mentally handicapped, old people living in homes, patients living in hospitals, and those in prison. For those on low incomes, there will be rebates of up to 80 per cent. Income support will assist those on the lowest incomes in paying the 20 per cent contribution. Students will pay 20 per cent of the charge in their college town.

Transitional arrangements for business rates were announced on 6 May 1987 (Press Notice No 212) and are not affected by today's announcement. The changes result from the revaluation of property and the introduction of the uniform business rate. The Government had initially proposed that the Community Charge should be phased in over four years throughout England, from 1 April 1990 (Press Notice 309, 30 July 1987).

In Scotland and Wales the Community Charge will be introduced in one go in all authorities - on 1 April 1989 in Scotland and on 1 April 1990 in Wales.

Press Enquiries: 01 212 3496/7539/8236/5113
(out of hours: 01 212 7132)
Public Enquiries: 01 212 3434
(ask for Public Enquiries Unit)

----0000----

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
GREATER LONDON			
Camden	£ 100	£ 321	£ 782
Greenwich	£ 100	£ 343	£ 608
Hackney	£ 100	£ 274	£ 691
Hammersmith and Fulham	£ 100	£ 236	£ 465
Islington	£ 100	£ 189	£ 483
Kensington and Chelsea	£ 100	£-18	£ 370
Lambeth	£ 100	£ 240	£ 547
Lewisham	£ 100	£ 302	£ 677
Southwark	£ 100	£ 277	£ 570
Tower Hamlets	£ 100	£ 326	£ 639
Wandsworth	£ 100	£ 218	£ 435
Westminster	£ 100	£-75	£ 396
Barking and Dagenham	£ 213	£ 8	£ 221
Barnet	£ 297	£-75	£ 222
Bexley	£ 212	£-1	£ 211
Brent	£ 326	£-44	£ 283
Bromley	£ 217	£-44	£ 173
Croydon	£ 218	£-60	£ 158
Ealing	£ 301	£-23	£ 278
Enfield	£ 226	£-28	£ 199
Haringey	£ 340	£-11	£ 329
Harrow	£ 276	£-52	£ 223
Havering	£ 208	£-19	£ 189
Hillingdon	£ 239	£-18	£ 221
Hounslow	£ 205	£-35	£ 170
Kingston-upon-Thames	£ 252	£-40	£ 212
Merton	£ 222	£-48	£ 173
Newham	£ 309	£-5	£ 304
Redbridge	£ 208	£-38	£ 171
Richmond-upon-Thames	£ 291	£-58	£ 233
Sutton	£ 262	£-39	£ 224
Waltham Forest	£ 100	£ 9	£ 365

Footnotes

1. Local authorities in inner London and Waltham Forest will raise the remainder of their domestic taxation by levying a domestic rate.
2. A minus sign in Column 2 indicates a contribution to the safety net.

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
GREATER MANCHESTER			
Bolton	£ 202	£ 0	£ 202
Bury	£ 254	£-10	£ 244
Manchester	£ 261	£ 12	£ 272
Oldham	£ 184	£ 18	£ 201
Rochdale	£ 199	£ 38	£ 236
Salford	£ 238	£ 4	£ 243
Stockport	£ 238	£-54	£ 183
Tameside	£ 203	£ 30	£ 233
Trafford	£ 218	£-62	£ 156
Wigan	£ 216	£ 29	£ 245
MERSEYSIDE			
Knowsley	£ 256	£ 11	£ 267
Liverpool	£ 263	£ 37	£ 301
St Helens	£ 225	£ 18	£ 243
Sefton	£ 242	£-32	£ 210
Wirral	£ 280	£-34	£ 246
SOUTH YORKSHIRE			
Barnsley	£ 173	£ 91	£ 264
Doncaster	£ 210	£ 71	£ 280
Rotherham	£ 189	£ 63	£ 252
Sheffield	£ 195	£ 53	£ 248
TYNE AND WEAR			
Gateshead	£ 197	£ 67	£ 263
Newcastle upon Tyne	£ 259	£ 34	£ 292
North Tyneside	£ 239	£ 27	£ 265
South Tyneside	£ 188	£ 66	£ 254
Sunderland	£ 200	£ 62	£ 262
WEST MIDLANDS			
Birmingham	£ 249	£-63	£ 186
Coventry	£ 239	£-20	£ 219
Dudley	£ 248	£-46	£ 203
Sandwell	£ 200	£-25	£ 175
Solihull	£ 238	£-75	£ 163
Walsall	£ 222	£-31	£ 191
Wolverhampton	£ 254	£-50	£ 205
WEST YORKSHIRE			
Bradford	£ 196	£ 42	£ 238
Calderdale	£ 176	£ 83	£ 259
Kirklees	£ 172	£ 74	£ 246
Leeds	£ 182	£ 22	£ 204
Wakefield	£ 195	£ 59	£ 254

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge	Contribution to/from safety net	Full CC no safety net
	Col 1	Col 2	Col 3
AVON			
Bath	£ 209	£ 15	£ 224
Bristol	£ 227	£ 10	£ 237
Kingswood	£ 209	£-3	£ 206
Northavon	£ 223	£-3	£ 221
Wansdyke	£ 217	£-14	£ 204
Woodspring	£ 243	£-24	£ 219
BEDFORDSHIRE			
North Bedfordshire	£ 262	£-21	£ 241
Luton	£ 293	£-54	£ 239
Mid Bedfordshire	£ 255	£-22	£ 233
South Bedfordshire	£ 292	£-55	£ 236
BERKSHIRE			
Bracknell	£ 219	£-75	£ 144
Newbury	£ 226	£-75	£ 151
Reading	£ 210	£-43	£ 168
Slough	£ 208	£-60	£ 149
Windsor and Maidenhead	£ 239	£-75	£ 164
Wokingham	£ 224	£-75	£ 149
BUCKINGHAMSHIRE			
Aylesbury Vale	£ 250	£-60	£ 191
South Bucks	£ 281	£-75	£ 206
Chiltern	£ 286	£-75	£ 211
Milton Keynes	£ 266	£-45	£ 221
Wycombe	£ 276	£-75	£ 201
CAMBRIDGESHIRE			
Cambridge	£ 263	£-74	£ 190
East Cambridgeshire	£ 191	£-10	£ 182
Fenland	£ 187	£-1	£ 185
Huntingdon	£ 206	£-25	£ 181
Peterborough	£ 231	£-17	£ 214
South Cambridgeshire	£ 242	£-75	£ 167
CHESHIRE			
Chester	£ 230	£-36	£ 194
Congleton	£ 214	£-27	£ 187
Crewe and Nantwich	£ 214	£-22	£ 192
Ellesmere Port and Neston	£ 239	£-23	£ 216
Halton	£ 197	£-4	£ 194
Macclesfield	£ 258	£-75	£ 183
Vale Royal	£ 208	£-19	£ 189
Warrington	£ 204	£-12	£ 192

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge	Contribution to/from safety net	Full CC no safety net
	Col 1	Col 2	Col 3
CLEVELAND			
Hartlepool	£ 215	£ 53	£ 268
Langbaugh	£ 252	£ 18	£ 270
Middlesbrough	£ 252	£ 24	£ 277
Stockton-on-Tees	£ 250	£-1	£ 250
CORNWALL			
Caradon	£ 163	£-5	£ 158
Carrick	£ 170	£-4	£ 166
Kerrier	£ 153	£ 9	£ 162
North Cornwall	£ 168	£-6	£ 162
Penwith	£ 169	£-5	£ 164
Restormel	£ 165	£-4	£ 161
CUMBRIA			
Allerdale	£ 180	£ 73	£ 252
Barrow in Furness	£ 164	£ 93	£ 257
Carlisle	£ 201	£ 63	£ 264
Copeland	£ 168	£ 90	£ 258
Eden	£ 179	£ 65	£ 243
South Lakeland	£ 226	£ 26	£ 252
DERBYSHIRE			
Amber Valley	£ 235	£ 12	£ 237
Bolsover	£ 205	£ 61	£ 266
Chesterfield	£ 227	£ 19	£ 246
Derby	£ 263	£-26	£ 237
Erewash	£ 233	£ 4	£ 237
High Peak	£ 219	£ 26	£ 245
North East Derbyshire	£ 239	£ 12	£ 252
South Derbyshire	£ 236	£-4	£ 232
West Derbyshire	£ 247	£-11	£ 236
DEVON			
East Devon	£ 193	£-26	£ 167
Exeter	£ 164	£-5	£ 159
North Devon	£ 152	£ 23	£ 175
Plymouth	£ 174	£-9	£ 165
South Hams	£ 201	£-23	£ 178
Teignbridge	£ 178	£-3	£ 175
Mid Devon	£ 157	£ 16	£ 173
Torbay	£ 205	£-28	£ 177
Torridge	£ 139	£ 41	£ 180
West Devon	£ 163	£ 6	£ 168

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge	Contribution to/from safety net	Full CC no safety net
	Col 1	Col 2	Col 3
DORSET			
Bournemouth	£ 214	£-48	£ 165
Christchurch	£ 241	£-75	£ 166
North Dorset	£ 176	£-20	£ 156
Poole	£ 237	£-75	£ 162
Purbeck	£ 187	£-33	£ 154
West Dorset	£ 176	£-19	£ 157
Weymouth and Portland	£ 170	£-4	£ 165
Wimborne	£ 248	£-75	£ 173
DURHAM			
Chester-le-Street	£ 184	£ 30	£ 214
Darlington	£ 205	£ 41	£ 245
Derwentside	£ 181	£ 83	£ 264
Durham	£ 176	£ 48	£ 224
Easington	£ 148	£ 50	£ 198
Sedgefield	£ 174	£ 79	£ 253
Teesdale	£ 134	£ 60	£ 194
Wear Valley	£ 155	£ 92	£ 247
EAST SUSSEX			
Brighton	£ 226	£-50	£ 176
Eastbourne	£ 248	£-75	£ 173
Hastings	£ 204	£-35	£ 169
Hove	£ 235	£-61	£ 174
Lewes	£ 247	£-75	£ 172
Rother	£ 251	£-75	£ 176
Wealden	£ 224	£-49	£ 175
ESSEX			
Basildon	£ 325	£-65	£ 259
Braintree	£ 219	£-42	£ 177
Brentwood	£ 355	£-16	£ 339
Castle Point	£ 261	£-75	£ 186
Chelmsford	£ 256	£-75	£ 181
Colchester	£ 211	£-43	£ 168
Epping Forest	£ 259	£-75	£ 184
Harlow	£ 321	£-5	£ 315
Maldon	£ 254	£-75	£ 179
Rochford	£ 252	£-75	£ 177
Southend-on-Sea	£ 259	£-75	£ 184
Tendring	£ 240	£-56	£ 184
Thurrock	£ 274	£-31	£ 242
Uttlesford	£ 258	£-75	£ 183

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
GLOUCESTERSHIRE			
Cheltenham	£ 231	£-51	£ 180
Cotswold	£ 230	£-50	£ 180
Forest of Dean	£ 167	£ 24	£ 191
Gloucester	£ 187	£-4	£ 183
Stroud	£ 204	£-12	£ 192
Tewkesbury	£ 215	£-42	£ 173
HAMPSHIRE			
Basingstoke and Deane	£ 208	£-45	£ 163
East Hampshire	£ 238	£-57	£ 181
Eastleigh	£ 221	£-45	£ 176
Fareham	£ 237	£-58	£ 179
Gosport	£ 206	£-37	£ 169
Hart	£ 259	£-74	£ 185
Havant	£ 229	£-61	£ 168
New Forest	£ 219	£-37	£ 181
Portsmouth	£ 181	£ 6	£ 187
Rushmoor	£ 194	£-12	£ 182
Southampton	£ 182	£-7	£ 176
Test Valley	£ 207	£-37	£ 171
Winchester	£ 233	£-53	£ 180
HEREFORD AND WORCESTER			
Bromsgrove	£ 209	£-74	£ 135
Hereford	£ 157	£-8	£ 149
Leominster	£ 149	£-3	£ 146
Malvern Hills	£ 207	£-57	£ 150
Redditch	£ 210	£-57	£ 153
South Herefordshire	£ 147	£-13	£ 133
Worcester	£ 206	£-56	£ 150
Wychavon	£ 223	£-73	£ 150
Wyre Forest	£ 200	£-34	£ 166
HERTFORDSHIRE			
Broxbourne	£ 250	£-56	£ 194
Dacorum	£ 273	£-75	£ 198
East Hertfordshire	£ 257	£-60	£ 196
Hertsmere	£ 287	£-75	£ 212
North Hertfordshire	£ 272	£-75	£ 197
St Albans	£ 279	£-75	£ 204
Stevenage	£ 287	£-54	£ 233
Three Rivers	£ 280	£-75	£ 205
Watford	£ 263	£-57	£ 206
Welwyn Hatfield	£ 299	£-74	£ 225

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
HUMBERSIDE			
Beverley	£ 240	£-21	£ 219
Boothferry	£ 170	£ 54	£ 224
Cleethorpes	£ 201	£ 28	£ 229
Glanford	£ 196	£ 23	£ 219
Great Grimsby	£ 188	£ 32	£ 219
Holderness	£ 199	£ 16	£ 215
Kingston upon Hull	£ 187	£ 61	£ 248
East Yorkshire	£ 185	£ 44	£ 230
Scunthorpe	£ 214	£ 47	£ 261
ISLE OF WIGHT			
Medina	£ 201	£ 7	£ 209
South Wight	£ 216	£-1	£ 215
KENT			
Ashford	£ 178	£-30	£ 148
Canterbury	£ 170	£-17	£ 152
Dartford	£ 151	£-2	£ 149
Dover	£ 151	£-7	£ 144
Gillingham	£ 156	£-6	£ 150
Gravesham	£ 177	£-25	£ 152
Maidstone	£ 170	£-23	£ 147
Rochester upon Medway	£ 157	£-26	£ 131
Sevenoaks	£ 189	£-38	£ 151
Shepway	£ 201	£-41	£ 160
Swale	£ 152	£ 1	£ 153
Thanet	£ 182	£-28	£ 154
Tonbridge and Malling	£ 166	£-13	£ 152
Tunbridge Wells	£ 177	£-25	£ 152
LANCASHIRE			
Blackburn	£ 149	£ 57	£ 206
Blackpool	£ 193	£ 1	£ 194
Burnley	£ 147	£ 92	£ 239
Chorley	£ 185	£ 5	£ 190
Fylde	£ 209	£-20	£ 189
Hyndburn	£ 142	£ 70	£ 212
Lancaster	£ 167	£ 23	£ 190
Pendle	£ 137	£ 75	£ 212
Preston	£ 178	£ 23	£ 201
Ribble Valley	£ 176	£ 23	£ 199
Rossendale	£ 164	£ 64	£ 228
South Ribble	£ 180	£ 9	£ 189
West Lancashire	£ 215	£-25	£ 190
Wyre	£ 190	£-1	£ 189

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
LEICESTERSHIRE			
Blaby	£ 222	£-33	£ 189
Charnwood	£ 231	£-36	£ 195
Harborough	£ 239	£-42	£ 196
Hinckley and Bosworth	£ 210	£-25	£ 185
Leicester	£ 189	£ 31	£ 220
Melton	£ 224	£-20	£ 204
North West Leicestershire	£ 213	£-3	£ 210
Oadby and Wigston	£ 232	£-38	£ 194
Rutland	£ 208	£-13	£ 195
LINCOLNSHIRE			
Boston	£ 158	£-5	£ 152
East Lindsey	£ 158	£-1	£ 157
Lincoln	£ 157	£ 1	£ 158
North Kesteven	£ 160	£-5	£ 155
South Holland	£ 158	£-2	£ 155
South Kesteven	£ 169	£-15	£ 154
West Lindsey	£ 160	£ 5	£ 166
NORFOLK			
Breckland	£ 165	£-19	£ 147
Broadland	£ 187	£-36	£ 152
Great Yarmouth	£ 175	£-9	£ 166
North Norfolk	£ 170	£-18	£ 152
Norwich	£ 183	£-11	£ 172
South Norfolk	£ 186	£-36	£ 149
King's Lynn and West Norfolk	£ 154	£-1	£ 154
NORTHAMPTONSHIRE			
Corby	£ 202	£-13	£ 189
Daventry	£ 265	£-33	£ 232
East Northamptonshire	£ 177	£-18	£ 158
Kettering	£ 192	£-6	£ 186
Northampton	£ 224	£-36	£ 188
South Northamptonshire	£ 228	£-57	£ 171
Wellingborough	£ 195	£-14	£ 180
NORTHUMBERLAND			
Alnwick	£ 177	£ 37	£ 215
Berwick-upon-Tweed	£ 178	£ 28	£ 206
Blyth Valley	£ 212	£ 39	£ 252
Castle Morpeth	£ 219	£-4	£ 215
Tynedale	£ 186	£ 31	£ 217
Wansbeck	£ 180	£ 70	£ 251

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge	Contribution to/from safety net	Full CC no safety net
	Col 1	Col 2	Col 3
NORTH YORKSHIRE			
Craven	£ 159	£ 25	£ 184
Hambleton	£ 182	£-3	£ 179
Harrogate	£ 207	£-1	£ 206
Richmondshire	£ 155	£ 29	£ 184
Ryedale	£ 164	£ 17	£ 181
Scarborough	£ 170	£ 22	£ 192
Selby	£ 165	£ 35	£ 200
York	£ 141	£ 32	£ 173
NOTTINGHAMSHIRE			
Ashfield	£ 168	£ 41	£ 209
Bassetlaw	£ 189	£ 49	£ 238
Broxtowe	£ 203	£-0	£ 202
Gedling	£ 206	£-5	£ 201
Mansfield	£ 191	£ 45	£ 237
Newark	£ 191	£ 17	£ 209
Nottingham	£ 195	£ 12	£ 207
Rushcliffe	£ 229	£-23	£ 205
OXFORDSHIRE			
Cherwell	£ 228	£-28	£ 201
Oxford	£ 235	£-15	£ 220
South Oxfordshire	£ 254	£-52	£ 202
Vale of White Horse	£ 243	£-50	£ 193
West Oxfordshire	£ 227	£-22	£ 205
SHROPSHIRE			
Bridgnorth	£ 192	£-19	£ 172
North Shropshire	£ 175	£ 2	£ 177
Oswestry	£ 170	£ 13	£ 183
Shrewsbury and Atcham	£ 205	£-17	£ 188
South Shropshire	£ 168	£ 8	£ 176
The Wrekin	£ 209	£-7	£ 203
SOMERSET			
Mendip	£ 188	£-10	£ 178
Sedgemoor	£ 198	£-7	£ 191
Taunton Deane	£ 187	£-6	£ 181
West Somerset	£ 203	£-22	£ 181
South Somerset	£ 186	£-8	£ 178

Community charge : Illustrative figures for local authority areas in England
(assuming 1987/88 budgeted expenditure)

	1990/91 community charge Col 1	Contribution to/from safety net Col 2	Full CC no safety net Col 3
STAFFORDSHIRE			
Cannock Chase	£ 192	£-6	£ 186
East Staffordshire	£ 184	£-7	£ 177
Lichfield	£ 232	£-58	£ 174
Newcastle-under-Lyme	£ 189	£-3	£ 186
South Staffordshire	£ 234	£-61	£ 172
Stafford	£ 203	£-25	£ 177
Staffordshire Moorlands	£ 189	£-5	£ 184
Stoke-on-Trent	£ 173	£ 14	£ 187
Tamworth	£ 211	£-28	£ 183
SUFFOLK			
Babergh	£ 202	£-29	£ 173
Forest Heath	£ 172	£-3	£ 169
Ipswich	£ 215	£-23	£ 192
Mid Suffolk	£ 187	£-10	£ 177
St Edmundsbury	£ 183	£-22	£ 161
Suffolk Coastal	£ 222	£-44	£ 178
Waveney	£ 189	£-14	£ 175
SURREY			
Elmbridge	£ 314	£-75	£ 239
Epsom and Ewell	£ 257	£-75	£ 182
Guildford	£ 235	£-75	£ 160
Mole Valley	£ 244	£-75	£ 169
Reigate and Banstead	£ 258	£-75	£ 183
Runnymede	£ 211	£-60	£ 151
Spelthorne	£ 221	£-43	£ 179
Surrey Heath	£ 215	£-75	£ 140
Tandridge	£ 228	£-54	£ 173
Waverley	£ 249	£-75	£ 174
Woking	£ 215	£-75	£ 140
WARWICKSHIRE			
North Warwickshire	£ 217	£-9	£ 208
Nuneaton and Bedworth	£ 219	£-19	£ 200
Rugby	£ 222	£-42	£ 180
Stratford on Avon	£ 249	£-75	£ 174
Warwick	£ 251	£-75	£ 176

Community charge : Illustrative figures for local authority areas in England
 (assuming 1987/88 budgeted expenditure)

	1990/91 community charge	Contribution to/from safety net	Full CC no safety net
	Col 1	Col 2	Col 3
WEST SUSSEX			
Adur	£ 223	£-44	£ 180
Arun	£ 219	£-59	£ 159
Chichester	£ 207	£-56	£ 152
Crawley	£ 208	£ 12	£ 219
Horsham	£ 208	£-59	£ 149
Mid Sussex	£ 230	£-69	£ 162
Worthing	£ 212	£-56	£ 155
WILTSHIRE			
Kennet	£ 192	£-3	£ 190
North Wiltshire	£ 181	£ 20	£ 201
Salisbury	£ 206	£-21	£ 184
Thamesdown	£ 212	£ 27	£ 238
West Wiltshire	£ 188	£-2	£ 186
Isles of Scilly	£ 168	£-75	£ 93

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10 DOWNING STREET
 LONDON SW1A 2AA

From the Private Secretary

17 November 1987

MB
 Dear Robin,

TRANSITION TO THE COMMUNITY CHARGE

The Prime Minister this morning held a meeting to discuss the transition to the community charge on the basis of a paper by the Cabinet Office of 13 November and your letter of 16 November. There were present your Secretary of State, the Lord President, the Chancellor of the Exchequer, the Chief Secretary, Treasury, the Lord Privy Seal, the Chief Whip, the Minister for Local Government, Mr. Richard Wilson and Mr. Andrew Wells (Cabinet Office), Mr. Christopher Brearley (Department of the Environment), and Mr. Peter Stredder (No. 10 Policy Unit).

Your Secretary of State said that the paper described the effects of two options for the transition to the community charge. Both incorporated a full safety net, subject to a ceiling of £75 per adult on the contribution to be made by any area. They differed in the extent of dual running of rates and the community charge. Option 1 required all local authorities in England to adopt dual running. Option 2 restricted dual running only to those authorities where spending was more than £130 per head above grant-related expenditure in 1987/88. It was clear that the vast majority of the Government's supporters, both in the Commons and elsewhere, favoured the immediate introduction of the full community charge over as wide an area as possible, as under option 2. This view was not based on ignorance, but on political considerations. Government supporters did not wish to enter the next election having to justify the existence of both rates and the community charge in parallel. The feeling among backbench MPs was so strong that it was likely that if the Government tried to stick with option 1 it would be defeated during the Committee Stage of the Rate Reform Bill. These were all strong arguments, and he sought colleagues' agreement to adopt option 2.

The Chancellor said that he accepted that backbench opinion was running strongly against dual running, partly because they did not understand its advantages. This might cause difficulty during the passage of the Bill. But that had to be set against the disadvantages of option 2 in terms of its impact on individual tax payers and on households in 1990/91 when the community charge was introduced. Losers from the change would always be more vocal than gainers, and

option 2 dramatically increased the number of households and individuals who would lose substantial amounts - over 100 per cent of their existing rate bills in many cases. Option 2 also resulted in large increases in bills in 1990/91 for some tax payers who would eventually see a reduction. This would reduce the discipline of the community charge: it was possible that local authorities in this position would increase spending after 1990/91 rather than cut their community charges. The choice of authorities to whom dual running would apply under option 2 was also arbitrary: there were many local authorities outside the chosen group who would have higher community charges in 1990/91 than some within it. All these problems with option 2 might give rise to calls for additional Government assistance to ease the transition. He had to make it clear that there was no question of additional Exchequer funds being made available in this way. For all these reasons he urged colleagues to retain dual running, as under option 1.

The Lord President, the Lord Privy Seal and the Chief Whip all emphasised the great strength of feeling among MPs against dual running. They therefore felt that the Government had to accept the greater losses for some individuals which were inherent in option 2 if they were to secure the passage of the Bill.

X | The Prime Minister, concluding a brief discussion, said that the whole intention of the community charge was to widen the local tax base, and there were great political advantages in introducing it in full in 1990/91 over the widest possible area. This would also avoid the very substantial cost of keeping rates during the four year transitional period. The Environment Secretary should therefore proceed on the basis of option 2, under which dual running would be restricted to those areas where spending in 1987/88 was more than £130 per head above grant-related expenditure. Every effort should be made to reflect this decision in the Rate Reform Bill at Introduction, and the Environment Secretary should send Instructions to Parliamentary Counsel on this today. He should also announce the Government's decision by way of a response to a Parliamentary Question later today. The greater losses implied by option 2 might lead to calls for extra Exchequer assistance either during passage of the Bill or nearer the time when the community charge would be introduced, but it should be made absolutely clear that there was no question of extra money being made available.

I am copying this letter to the Private Secretaries to other members of E(LF), to Murdo Maclean (Chief Whip's Office) to Trevor Woolley (Cabinet Office) and to First Parliamentary Counsel.

Yours,

David.

DAVID NORNGROVE

Robin Young, Esq.,
Department of the Environment.



17/11/87

Treasury Chambers, Parliament Street, SW1P 3AG

CHANCELLOR

You will not need further advice from colleagues on top of this very clear briefing on these relatively complicated matters, but I will add one practical word that derives from past experience ^{but} and } is not unconnected with my present extra-curricular responsibilities.

Having done a fair amount of travelling the country during local government elections in recent years, especially in a DES capacity, I was struck by the frequency with which

candidates blamed Central Government for timing unhelpful announcements to coincide with the cruxes of local government campaigns. I dare say this prejudice has much to do with the somewhat untutored enthusiasm for non-dual running in the Party in the country.

This prejudice however has a further edge. If there are adverse consequences locally from non-dual running, the local government candidate will not assume these consequences were thought through and discounted (because he or she has not been warned about them) but rather that they are due to the insensitive incompetence which is attributed to Central Government during campaigns. The infantry have always taken this broad view of the General Staff.



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'Flexible' poll tax 19 scheme to be explored

By Peter Riddell, Political Editor

SUGGESTIONS by Tory MPs and local party activists that the community charge or poll tax should be introduced in one go in England to replace domestic rates are running into increasing difficulties. Senior ministers will meet later this week to seek a compromise plan.

The idea that local authorities should themselves be allowed to decide how quickly to introduce the new charge has also been ruled out. Ministers believe this would take the political initiative away from them and would allow Labour local councils to bring in the plan when they want and so be able to blame the Government.

Consequently, ministers are now exploring the possibility of a flexible scheme under which Whitehall would allow some local authorities to introduce the charge more quickly than others if they fulfilled certain criteria. These might cover the level of spending and of the charge in relation to a national average.

The snag is that this might favour some authorities at the expense of others, and so risk the bill being regarded as hybrid, which would delay its passage considerably.

Broader difficulties arise because of the existing redistributive nature of the rate support grant system and the proposed safety net to minimise transitional effects. These arrangements would be undermined if some local authorities were allowed to make the changeover more quickly than others.

The hope in Whitehall is that decisions can be completed in time to publish the bill early next month and to allow a Commons second reading before Christmas.

The whole saga has involved changing preferences. Originally, the Department of the Environment and Mrs Thatcher wanted the charge to be introduced as quickly as possible, following the precedent of the immediate changeover agreed in Scotland and proposed for Wales.

DAILY EXPRESS

Maggie set on phased-in Poll Tax 2

MRS THATCHER is pressing ahead with plans to phase in the controversial poll tax, ignoring back bench demands that it is introduced in one go.

But she is likely to allow low-spending Tory councils to bring in the replacement for rates at a stroke if they satisfy special conditions.

She hopes this will calm fears that the 1990-91 switch would cost Tories votes in the Shires.

In London and other Labour-controlled cities she hopes to avoid councils slapping huge additional bills on ratepayers and blaming her.

THE GUARDIAN

NEW procedures for people to appeal under the proposed poll tax system were set out yesterday by the local government minister, Mr Michael Howard. Local valuation courts will hear community charge appeals as well as continuing to deal with rating appeals, he said. The Department

of the Environment published a consultation paper, called Appeals And Valuation And Community Charge Tribunals, which explains that the courts would also determine appeals which arose out of canvassing for and compiling the community charge register.

Daily Mail

Cabinet in crisis talks on poll tax 2

THE Government is refusing to bow to Tory conference pressure to bring in the controversial community charge at a stroke in England in 1990 to replace the rates.

Ministers have failed to find a workable formula for a 'big bang' switchover. And the Cabinet will today consider a package to allow local authorities to phase in the changeover at different times.

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Thatcher decides against sudden switch to poll tax

By George Jones, Political Correspondent

THE INTRODUCTION in one go of the community charge to replace domestic rates throughout England in 1990 has been ruled out by a Cabinet committee headed by the Prime Minister.

Despite strong opposition at last month's Tory party conference in Blackpool to Government plans for a four-year phase-in, ministers have been unable to propose a workable scheme for the immediate introduction of the poll tax for everybody.

It will be introduced in one go in Scotland in 1989, and also in Wales the next year.

But because of complications in England, particularly in London and some other big cities, ministers opted for a phasing-in period during which rates and the poll tax would operate side by side.

After the party conference, Mr Ridley, Environment Secretary, agreed to rethink the timetable for introducing the new flat rate charge for local services, which will be levied on all adults over the age of 18.

MPs worried

A Cabinet committee chaired by Mrs Thatcher has been meeting regularly to finalise the poll tax legislation, but hours of argument have apparently failed to convince Mrs Thatcher that it can be introduced immediately throughout England.

Government sources said last night that the idea of an immediate changeover was no longer considered practical, though ministers were looking at ways of enabling individual authorities to introduce the poll tax more quickly without waiting for the full four-year transitional period.

This would allow Tory shires, where the tax could be significantly lower than rates for many households, to introduce the new charge in one go.

Many Tory MPs and councillors are worried that running the poll tax and rates together will prolong the unpopularity of the community charge into the next General Election campaign.

THE GUARDIAN

Ridley blocked on quick poll-tax switch

By John Carvel

The Environment Secretary, Mr Nicholas Ridley, appears to have failed in his renewed attempt to secure a generally rapid completion of the change from domestic rates to poll tax in England.

In the wake of pressure at the Tory conference in Blackpool for a quick transition, Mr Ridley reopened his battle with the Treasury, which had previously insisted on a four-year phasing-in to smooth the introduction of the poll tax and prevent excessive increases in individual bills.

Both his options for achieving a quicker introduction are now understood to have foundered.

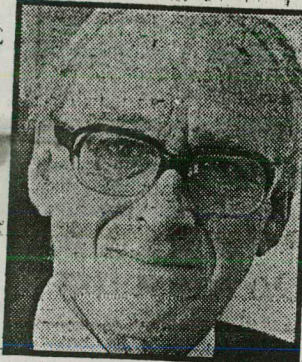
A Cabinet committee has concluded that it would be unwise

to give local authorities discretion over the length of the transition period. It was judged that hostile Labour councils could manipulate the rules to bring the maximum discredit on the Government.

The possibility of a big-bang introduction of the poll tax throughout England in 1990 has been rejected.

Government projections suggest the average poll-tax bill in London would be £680 per adult unless councils trimmed their expenditure; and that could produce a dramatic sudden increase in the burden on the finances of lower-to-middle-income groups.

In other parts, such as Lancashire, the bills would be smaller but the percentage increase could be very substan-



Mr Nicholas Ridley —
new fight with Treasury

tial. For example, in Pendle, the bill for a two-adult household would almost double to £424.

The problems in England are much greater than in Scotland and Wales, where the new tax, which ministers call the "community charge", will be introduced in a single year — 1989 in Scotland and 1990 in Wales.

The Cabinet committee on the poll tax will meet today to try to find a new solution for England.

Ministers now expect the Government will have to impose a timetable for implementation, under which only a handful of authorities will make the change in a single year. A longer phase-in elsewhere will be ordered by Government regulations and not left to local discretion.

The poll-tax bill is expected to be published in the first week of December.

CONFIDENTIAL

FROM: L WATTS
DATE: 18 NOVEMBER 1987

MR ALLAN

cc: Sir P Middleton
Mr B Potter


ROYAL HOUSEHOLD AND COMMUNITY CHARGE

I attach a slightly revised draft letter to Nigel Wicks from the one on which you sought comments.

2. Since I submitted in September the Palace attitude has hardened considerably. I suspect from contact with MOD. They now argue that their staff are disadvantaged compared to others. Employers of staff in tied accommodation are able to make community charge payments on behalf of their employers. The Palace see no reason why this should not be done for them by the Treasury out of public expenditure savings from RGPD.

3. This argument is of course, simplistic since it leaves out of the calculation the extra expenditure required to put the change into effect; and the savings which employers make on rates. Nevertheless it seems prudent to give No 10 the fuller picture in case there are some informal exchanges between the Palace and No 10.

4. I have also made a minor change to the final paragraph of the draft taking account of the latest advice.


L WATTS

CONFIDENTIAL

Nigel Wicks Esq
Principal Private Secretary
10 Downing Street
LONDON SW1

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

You asked for information about the effect the community charge would have on the Royal Household. There has been some Ministerial correspondence about the general issue of Crown property and the community charge (Mr Ridley's minute of 30 July). This letter covers the specific impact on the Royal Household.

I attach a table showing the impact on those in the Household whose pay and conditions take account of free accommodation and who do not, at present, pay rates. These figures are based on the DoE exemplifications of the level of charge that would apply in 1987-88 if the reform had been implemented in full then. They thus show what the position would be, on present spending levels, after the transition has been completed. The year-by-year pattern for the first four years would be affected by the phasing out of the safety net and - in Inner London - by the phasing in of the community charge. It would also be affected by local education authorities opting out of ILEA (costs should be significantly reduced when Westminster and Kensington opt out).

The Treasury has explained that, in keeping with the policy adopted throughout the public sector, we do not accept

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that there should be an increase in Civil List to cover any additional costs if Her Majesty was minded to pay additional sums to those staff to meet the cost of the community charge. Until recently the Keeper of the Privy Purse had accepted that the Household staff would have to pay the community charge if there are to be no exceptions to the general rule. Lately he has been arguing that these Household staff are not, like others, facing a substitute tax, or being put in a position like other occupiers of tied accommodation. He is also suggesting, like MOD coincidentally, that "compensation" could be found from savings on RGPD (though this is a simplistic view). Discussions ^{on this point} are continuing; the problem is the awkwardness of our paying the tax of Household staff, and putting the Palace in a privileged position.]

As for the Royal Family itself, the Queen and the Prince of Wales (as Duke of Cornwall) will be exempt from the personal community charge, as was indicated in the note attached to Mr Ridley's minute. All other Members will be subject to it and all Members will be subject to the standard community charge on second homes which are not main residences.

A C S ALLAN

*He is also suggesting compensation
among (household staff) that
the whole household staff
on the basis of household
Dependent (RGPD).*

CONFIDENTIAL

18 November 1987

Nigel Wicks Esq
Principal Private Secretary
10 Downing Street
LONDON SW1

Mr L Watts cc Mr Pilleto
This is now needed urgently.
Any comment? (based on
draft attached to you note of 18/9)

ACSA

ROYAL HOUSEHOLD AND COMMUNITY CHARGE

You asked for information about the effect the community charge would have on the Royal Household. There has been some Ministerial correspondence about the general issue of Crown property and the community charge (Mr Ridley's minute of 30 July). This letter covers the specific impact on the Royal Household.

I attach a table showing the impact on those in the Household whose pay and conditions take account of free accommodation and who do not, at present, pay rates. These figures are based on the DoE exemplifications of the level of charge that would apply in 1987-88 if the reform had been implemented in full then. They thus show what the position would be, on present spending levels, after the transition has been completed. The year-by-year pattern for the first four years would be affected by the phasing out of the safety net and - in Inner London - by the phasing in of the community charge. It would also be affected by local education authorities opting out of ILEA (costs should be significantly reduced when Westminster and Kensington opt out).

The Treasury has explained that, in keeping with the policy adopted throughout the public sector, we do not

accept that there should be an increase in the Civil List to cover any additional costs if Her Majesty was minded to pay additional sums to those staff to meet the cost of the community charge. [The Keeper of the Privy Purse accepts that the Household staff will have to pay the community charge if there are to be no exceptions to the general rule though, naturally, he would prefer the Civil List people to receive special treatment.]

As for the Royal Family itself, the Queen and the Prince of Wales (as Duke of Cornwall) will be exempt from the personal community charge, as was indicated in the note attached to Mr Ridley's minute. All other Members will be subject to it and all Members [except for the Queen in respect of Balmoral] will be subject to the standard community charge on second homes.

A C S ALLAN



From the Minister of State
for Local Government

Alex
g
in my We know's done
the stand

Department of the Environment
2 Marsham Street
London SW1P 3EB

CHIEF SECRETARY	
REC.	20 NOV 1987

Telephone 01-212 3434

Mr Potter 2

1987 November 1987

Mr SIE P. M. DOWLING, Mr ANDERSON
Mr P. G. GUNN, Mr HAWKINS
Miss P. J. P. TAYLOR, Mr R. G. B. GIBSON
Mr T. R. G. GIBSON, Mr G. A. GIBSON

Dear Nick

COMMUNITY CHARGE - MEMBERS OF RELIGIOUS ORDERS

Thank you for your letter of 20 October.

I am concerned that your proposal for a partial exemption for members of religious orders would, as you say, leave them having to find 20 per cent of the community charge when they have no personal income. This would still leave them in a position inferior to all other adults (including ministers of religion) who, if their income warrants it, can receive both a maximum rebate of their community charge and help towards the minimum contribution.

ie via the addition to income support

On reflection, I have therefore concluded that unless you are prepared to bring this group of people into income-related benefits for the limited purpose of the community charge, we have no alternative but to exempt them completely.

I am anxious to reach a conclusion on this, as pressure on behalf of members of religious orders is likely to mount as we get towards introduction. I am copying this to John Major, Ian Lang and Wyn Roberts seeking their agreement to an exemption if, as you say, members of religious orders cannot be brought into the income-related benefit system to enable them to pay the community charge.

y - eve
Michael

MICHAEL HOWARD

Is there not a danger
that the Church of England
is being used as a
straw man to take advantage of
the "religious orders" is
How are the "religious orders" to be defined?

Nicholas Scott Esq MP





FROM: S P JUDGE
DATE: 19 November 1987

pmp.

PPS

cc PS/Chief Secretary
Mr Anson
Mr Kemp
Mr Hawtin
Mr Potter
Mr Felgett
Mr Tyrie
Mr Call

Index

TRANSITION TO THE COMMUNITY CHARGE

The Paymaster General has seen David Norgrove's letter of 17 November to Robin Young, recording the Prime Minister's meeting. He has commented:

"They now ring the bells, but they will soon wring their hands".

(Sir Robert Walpole, on the declaration of war with Spain in 1739)

S P JUDGE
Private Secretary

pnp

FROM: A G TYRIE
DATE: 19 NOVEMBER 1987

PS/PAYMASTER GENERAL

cc PS/Chancellor
Mr P Cropper

✓

TRANSITION TO THE COMMUNITY CHARGE

Further to the Paymaster General's note Treasury Ministers might be heard saying (sotto voce):

'Though I sit down now, the time will come when you will hear me.'

Ref.

JP

A G TYRIE

*Thank.
2. Pse send to Carole
for info or contact
compliance;*

*pse return
to Maria*

CHANCELLOR

FROM: P J CROPPER
DATE: 19 November 1987

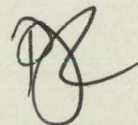
cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr Tyrie*
Mr Call*

COMMUNITY CHARGE - CRD

You may like to see the attached CRD briefs on Local Government Finance.

2. You may also like to note that the author, Peter Davis, is leaving CRD to become Marketing Manager to the RIBA, of which Bill Rodgers is to be Director General.

3. Peter Davis was one of the most knowledgeable people CRD ever had and his expertise will be sorely missed in coming months. He was originally recruited to Department of Environment as special adviser; moved from there back to CRD a year before the recent election because he was seeking a constituency and could not risk having to give up his job and income as an adviser on adoption; stood for Newham North East; returned to CRD as head of home affairs section. If it had not been for the resignation on adoption rule he might be happily ensconced as special adviser at Environment to this day.



P J CROPPER