

Prime Minister

No need to react now.  
This will in doubt be raised by  
Sir Keith Joseph at Cabinet.

JKW 6/1

PRIME MINISTER

6 January 1986

RATE REFORM: SAFETY NETS

Kenneth Baker has cunningly revised the 'safety net' so that it gives fewer bonuses to the North and makes life easier for London.

As Kenneth says, it should be possible to phase out domestic rates within ten years even in London if this new 'safety net' is kept constant in cash terms over the whole period. The City would need special arrangements, but ratepayers in Westminster and Kensington & Chelsea would gain, and the changeover from the existing system to the new arrangements would cause domestic tax bills per adult in the rest of Inner London to rise by an average of less than 5% a year more than they would otherwise have done. Outer London domestic tax bills would be almost unaffected.

The DoE hint that phasing out the safety net altogether over ten years - as Keith Joseph wants - would make life too difficult for inner Londoners. Their figures suggest that total phasing out of the 'safety net' would roughly double the effect of the new system on domestic tax bills in Inner London, causing them to rise by an average of about 10% a year more than they would otherwise have done.

We recommend that the Green Paper should:

1. include the revised 'safety net';
2. leave open the possibility of phasing out the 'safety net' altogether in due course.

*Oliver Letwin*

OLIVER LETWIN



10 of 10  
CEB  
C2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

3 January 1986

*Dr Keith*

## LOCAL GOVERNMENT FINANCE STUDIES: SAFETY NETS

In my letter of 31 December I offered to circulate a further note before Cabinet on 9 January about the implications of reducing the safety net. I had already received a letter on the same subject from Nick Ridley when I replied to you. John MacGregor also wrote on 23 December; and there was a further letter from the Private Secretary to the Prime Minister on 24 December.

/ The promised note is attached. As you will see, with a more precisely defined safety net it looks as though it would be possible to phase out rates even in London within 10 years. But this would be much more difficult if the safety net were withdrawn. Outside London, the phasing out of the safety net over the same ten-year period looks feasible, but a commitment to do so would open up for debate difficult arguments about the North/South shift.

In view of the very difficult presentational and operational issues involved I am strongly of the view that we should keep our options open in the Green Paper and consider in the light of consultation the scope for faster erosion of the safety net than is already implied by the decision to freeze it in cash terms.

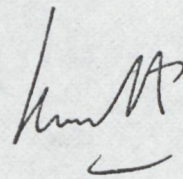
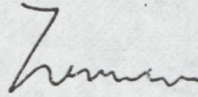
Colleagues may feel, however, that the present draft does not make it sufficiently clear to our supporters that the real value of the safety net will in fact decline over time. To remedy that I would propose to amend paragraph 4.43 as follows:

"The Government therefore envisages that special arrangements would be introduced to avoid any significant shifts in the burden of local taxation between local authorities on moving to a new system. These arrangements would take the form of a "safety net" which would prevent changes in the level of local authorities' income from rate support grant and non-domestic rates in the first year of the new system. The method of setting the safety net would ensure that authorities could not benefit from any increase in expenditure between now and the introduction of the new arrangements. And the amount of an authority's safety net entitlement would be fixed in cash terms for all future years so that its real value would progressively decline. Changes in the balance of local taxation within a local authority, arising from the widening of the local tax base by the introduction of the



community charge, would begin to feed through immediately. So would the effects of any increases in spending. But under these arrangements for the level of spending under the new system the average level of an authority's local tax bills would be virtually unchanged. Once the new system is in operation and sufficient time has elapsed to permit a proper assessment of its impact and effects, the basis of the special arrangements could be reviewed."

I am copying this letter and the attached note to the Prime Minister, to other members of E(LF), and to Sir Robert Armstrong.



KENNETH BAKER



2 January 1986

PROPOSED LOCAL GOVERNMENT FINANCE SYSTEM: AREA EFFECTS ON LOCAL  
DOMESTIC TAX BILLS

1. Discussions of the area effects of the proposed local government finance package have concentrated on two main issues:

- i. there could be worryingly large community charges in high rateable value London authorities which would make the phasing out of rates in 10 years difficult to achieve;
- ii. there would be big North/South shifts if the policies were implemented without a safety net arrangement; but if a safety net is used, low-spending authorities in the South would forego the gains to which they would be entitled under the new arrangements.

2. The Annex to this note illustrates the effects for all English authorities of the new financial arrangements with full, partial, or no safety nets. The figures apply to the total bill faced by the ratepayers of an area - for example the rate or community charge figures for Westminster include the precepts of the upper tier authorities of Inner London, in particular ILEA.

London

3. In the attached illustrations the safety net has been redefined so that it does not prevent changes in the local contribution of ratepayers in different parts of an upper-tier authority's area arising from the change in the basis of precepting from rateable value to population. This is consistent with our aim of allowing the local taxation changes to begin to come through immediately. The practical consequence is that, to take inner London as an example, ratepayers of ILEA living in boroughs with high rateable values who consequently now meet a high proportion of ILEA's spending, will in future pay on the same basis - pro rata to population - as ILEA ratepayers living in other boroughs.

4. This has an important effect on local tax bills in all high rateable value areas, but particularly those in inner London. For example, the present per adult tax bill of £508 in Kensington would be reduced to £288 as we moved to a 100% community charge. The highest local tax bills would be those of the biggest overspenders, but even Camden and Islington would have local tax bills of less than £400, and the operation of rate-capping and precept control between now and 1990 could make them substantially lower. On this basis the phasing out of rates even in London within a 10-year period seems feasible.



5. The withdrawal of the safety net would actually make it more difficult to phase out rates in inner London over 10 years. This is because the safety net would benefit all ratepayers of high-spending ILEA, which accounts for some 40% of local government spending in inner London. So the residents of all inner London boroughs would be worse off as a result of the withdrawal of safety nets, and the local tax payments per adult in some of the high spending boroughs would rise to very high levels indeed - £756 in Camden, and around £600 in five other boroughs.

#### The North/South Shift

6. Concerns about the potential losses to the North, or the failure to realise gains for the South, are of course two faces of the same coin. Without a safety net the new policies would imply a loss of £327m to the three Northern regions and a corresponding gain of £327m to the South (within this overall gain would be concealed a loss of £475m to London offset by a gain of £470m for the rest of the South East).

7. The detailed effects of this for residents in individual local authority areas are shown in the Annex. At one extreme, residents of Sheffield are £120 a year better off than they would otherwise be as a result of the safety net. At the other extreme, residents of Chiltern are £99 a year worse off than they would otherwise have been.

8. These are perfectly manageable sums. Outside London, it would be possible to phase out the safety net over the ten year period of the change from rates to the community charge. However, the presentational problems of the scale of the North-South shift would remain.

#### Approach in the Green Paper

9. The Green Paper as at present drafted steers a middle course. It proposes a safety net which is frozen in cash at the first year level and "withers on the vine" thereafter. This avoids the presentational problem of taking money from the North, but even with inflation at only 3% it would cut the real benefits to high spenders by a third over a ten-year period.

10. In view of the presentational difficulties of the North/South shift and the possible practical problems in London of phasing out the safety net this low-profile approach is the right one to adopt in the Green Paper. It keeps options open and gives room for manoeuvre if reactions to the Green Paper show that a faster phasing out of the safety net than erosion by inflation would be a feasible option.



## ANNEX A

1. The table below is based on 1984/85 spending levels. All figures are based on the expenditure of both upper and lower tier authorities in the local authority area named, since it is the combination of rates and precepts that determines the size of the bill faced by local taxpayers.

2. The table shows the following:

Column 1	The degree of overspending/low spending per adult in the area
Column 2	Average local tax bills per adult in the area with <u>domestic rates</u> and the new grant arrangements including a full safety net (this is broadly the present position)
Column 3.	Average local tax bills per adult in the area with a <u>100% community charge</u> and the new grant arrangements including a full safety net
Columns 4,5,6	As column 3. but with a safety net of only 2/3, ½, or 1/3 the value of a full safety net
Column 7	As column 3 but with <u>no</u> safety net
Column 8	The value of the safety net per adult in the area. This is the difference between the full safety net and no safety net figures shown in Columns 3 and 7.



Overspend on GRE Col 1	Retain rates		Full Community Charge					Value of safety net grant Col 8
	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7		

## GREATER LONDON

City of London	£ 8,843.45*	£ 430.27	£ 232.16	£ 2,428.35	£ 3,526.45	£ 4,624.54	£ 6,820.73	£ 6,588.57
Camden	£ 668.10	£ 417.30	£ 376.86	£ 503.21	£ 566.39	£ 629.56	£ 755.92	£ 379.06
Greenwich	£ 479.26	£ 253.51	£ 312.09	£ 401.98	£ 446.93	£ 491.88	£ 581.77	£ 269.68
Hackney	£ 473.30	£ 302.37	£ 330.55	£ 411.85	£ 452.50	£ 493.15	£ 574.45	£ 243.90
Hammersmith and Fulham	£ 397.48	£ 250.19	£ 284.15	£ 355.43	£ 391.06	£ 426.70	£ 497.98	£ 213.83
Islington	£ 517.71	£ 385.71	£ 385.89	£ 462.34	£ 500.56	£ 538.79	£ 615.24	£ 229.34
Kensington and Chelsea	£ 312.85	£ 507.54	£ 287.91	£ 328.27	£ 348.45	£ 369.63	£ 408.99	£ 121.09
Lambeth	£ 484.65	£ 308.34	£ 338.95	£ 420.84	£ 461.78	£ 502.72	£ 584.60	£ 245.65
Lewisham	£ 462.42	£ 275.62	£ 317.93	£ 400.47	£ 441.74	£ 483.01	£ 565.55	£ 247.62
Southwark	£ 520.09	£ 320.40	£ 354.92	£ 442.78	£ 486.71	£ 530.63	£ 618.49	£ 263.57
Tower Hamlets	£ 514.58	£ 297.99	£ 320.43	£ 417.42	£ 465.91	£ 514.40	£ 611.39	£ 290.96
Wandsworth	£ 298.45	£ 199.25	£ 235.93	£ 291.00	£ 318.53	£ 346.07	£ 401.14	£ 165.20
Westminster	£ 302.77	£ 470.07	£ 250.10	£ 285.56	£ 303.30	£ 321.03	£ 356.49	£ 106.39
Barking and Dagenham	£ 149.65	£ 193.34	£ 213.93	£ 230.33	£ 238.54	£ 246.74	£ 263.15	£ 49.22
Barnet	£ 98.72	£ 275.49	£ 257.99	£ 243.56	£ 236.34	£ 229.12	£ 214.69	£ -43.30
Bexley	£ 108.96	£ 183.22	£ 200.79	£ 209.14	£ 213.31	£ 217.49	£ 225.84	£ 25.05
Brent	£ 206.09	£ 276.72	£ 282.72	£ 294.97	£ 301.10	£ 307.22	£ 319.48	£ 36.75
Bromley	£ 81.07	£ 215.50	£ 216.23	£ 210.14	£ 207.09	£ 204.05	£ 197.95	£ -18.28
Croydon	£ 52.52	£ 205.23	£ 203.79	£ 191.00	£ 184.61	£ 178.21	£ 165.42	£ -38.38
Ealing	£ 92.24	£ 199.82	£ 208.61	£ 207.55	£ 207.02	£ 206.49	£ 205.44	£ -3.18
Enfield	£ 96.87	£ 206.40	£ 213.63	£ 212.89	£ 212.51	£ 212.14	£ 211.39	£ -2.25
Haringey	£ 291.28	£ 318.90	£ 328.06	£ 354.29	£ 367.40	£ 380.51	£ 406.74	£ 78.69
Harrow	£ 122.65	£ 244.25	£ 242.96	£ 241.65	£ 241.00	£ 240.35	£ 239.04	£ -3.92
Havering	£ 107.12	£ 203.82	£ 213.77	£ 217.05	£ 218.69	£ 220.33	£ 223.61	£ 9.84
Hillingdon	£ 126.58	£ 207.35	£ 217.31	£ 223.10	£ 226.00	£ 228.90	£ 234.70	£ 17.39
Hounslow	£ 159.69	£ 224.95	£ 236.51	£ 247.29	£ 252.68	£ 258.07	£ 268.86	£ 32.35
Kingston-upon-Thames	£ 93.92	£ 215.49	£ 216.96	£ 213.73	£ 212.12	£ 210.50	£ 207.27	£ -9.70
Merton	£ 86.73	£ 213.57	£ 216.22	£ 211.58	£ 209.26	£ 206.94	£ 202.30	£ -13.92
Newham	£ 163.99	£ 191.08	£ 213.60	£ 234.97	£ 245.66	£ 256.34	£ 277.71	£ 64.11
Redbridge	£ 78.96	£ 201.46	£ 207.11	£ 203.42	£ 201.58	£ 199.73	£ 196.04	£ -11.07
Richmond-upon-Thames	£ 103.71	£ 230.08	£ 226.08	£ 223.75	£ 222.58	£ 221.41	£ 219.08	£ -7.00
Sutton	£ 76.62	£ 202.12	£ 207.04	£ 202.34	£ 199.99	£ 197.64	£ 192.93	£ -14.11
Waltham Forest	£ 195.98	£ 233.64	£ 248.93	£ 270.27	£ 280.94	£ 291.61	£ 312.95	£ 64.02

\* The exceptionally large figure for the City of London reflects the fact that any overspend has to be borne by a very small resident population. The Green Paper notes that special arrangements will be necessary for the City.



	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>GREATER MANCHESTER</b>								
Bolton	£-0.06	£ 125.60	£ 126.81	£ 124.57	£ 123.46	£ 122.34	£ 120.10	£-6.71
Bury	£ 34.23	£ 154.57	£ 152.34	£ 153.21	£ 153.65	£ 154.09	£ 154.96	£ 2.63
Manchester	£ 153.06	£ 189.54	£ 190.79	£ 216.61	£ 229.52	£ 242.43	£ 268.25	£ 77.47
Oldham	£ 5.13	£ 115.52	£ 119.50	£ 121.34	£ 122.26	£ 123.18	£ 125.02	£ 5.52
Rochdale	£ 78.20	£ 136.36	£ 141.28	£ 160.20	£ 169.66	£ 179.12	£ 198.05	£ 56.77
Salford	£ 38.20	£ 126.84	£ 127.17	£ 137.04	£ 141.97	£ 146.90	£ 156.76	£ 29.59
Stockport	£ 7.74	£ 169.38	£ 161.22	£ 149.98	£ 144.35	£ 138.73	£ 127.48	£-33.74
Tameside	£ 45.06	£ 127.75	£ 132.00	£ 143.15	£ 148.73	£ 154.30	£ 165.45	£ 33.46
Trafford	£ 6.91	£ 172.44	£ 163.49	£ 149.95	£ 143.19	£ 136.42	£ 122.88	£-40.60
Wigan	£ 40.49	£ 130.91	£ 134.15	£ 143.04	£ 147.49	£ 151.93	£ 160.83	£ 26.68
<b>MERSEYSIDE</b>								
Knowsley	£ 70.38	£ 158.72	£ 160.53	£ 169.99	£ 174.72	£ 179.46	£ 188.92	£ 28.39
Liverpool	£ 95.96	£ 153.96	£ 158.46	£ 176.89	£ 186.11	£ 195.33	£ 213.77	£ 55.31
St Helens	£ 64.85	£ 149.50	£ 152.91	£ 163.24	£ 168.40	£ 173.57	£ 183.90	£ 30.99
Sefton	£ 17.90	£ 159.48	£ 155.46	£ 149.66	£ 146.77	£ 143.87	£ 138.08	£-17.38
Wirral	£ 33.78	£ 173.88	£ 167.86	£ 163.25	£ 160.95	£ 158.65	£ 154.04	£-13.81
<b>SOUTH YORKSHIRE</b>								
Barnsley	£ 112.67	£ 123.25	£ 127.98	£ 163.15	£ 180.73	£ 198.31	£ 233.48	£ 105.49
Doncaster	£ 115.89	£ 143.27	£ 141.75	£ 173.04	£ 188.68	£ 204.32	£ 235.61	£ 93.85
Rotherham	£ 80.75	£ 127.68	£ 127.85	£ 152.33	£ 164.57	£ 176.81	£ 201.28	£ 73.43
Sheffield	£ 161.42	£ 161.00	£ 159.81	£ 199.80	£ 219.80	£ 239.80	£ 279.79	£ 119.99
<b>TYNE AND WEAR</b>								
Gateshead	£ 85.01	£ 130.46	£ 132.84	£ 156.97	£ 169.03	£ 181.10	£ 205.22	£ 72.38
Newcastle upon Tyne	£ 162.00	£ 193.58	£ 190.62	£ 220.03	£ 234.73	£ 249.44	£ 278.85	£ 88.23
North Tyneside	£ 106.78	£ 170.74	£ 166.96	£ 187.18	£ 197.29	£ 207.40	£ 227.63	£ 60.67
South Tyneside	£ 81.87	£ 134.62	£ 136.14	£ 158.27	£ 169.33	£ 180.40	£ 202.52	£ 66.38
Sunderland	£ 66.47	£ 124.20	£ 127.10	£ 147.12	£ 157.13	£ 167.14	£ 187.16	£ 60.06
<b>WEST MIDLANDS</b>								
Birmingham	£-27.64	£ 139.45	£ 140.28	£ 123.02	£ 114.40	£ 105.77	£ 88.52	£-51.75
Coventry	£ 27.60	£ 156.33	£ 158.67	£ 154.28	£ 152.08	£ 149.88	£ 145.49	£-13.18
Dudley	£-27.74	£ 147.66	£ 146.49	£ 127.87	£ 118.57	£ 109.26	£ 90.64	£-55.85
Sandwell	£-8.84	£ 139.81	£ 142.42	£ 130.65	£ 124.77	£ 118.89	£ 107.12	£-35.30
Solihull	£-21.91	£ 185.14	£ 176.09	£ 149.79	£ 136.64	£ 123.49	£ 97.19	£-78.89
Walsall	£ 20.33	£ 161.16	£ 161.95	£ 153.92	£ 149.90	£ 145.88	£ 137.85	£-24.10
Wolverhampton	£ 7.06	£ 167.66	£ 165.83	£ 151.66	£ 144.57	£ 137.49	£ 123.31	£-42.52
<b>WEST YORKSHIRE</b>								
Bradford	£ 20.75	£ 101.93	£ 102.95	£ 115.55	£ 121.86	£ 128.16	£ 140.77	£ 37.82
Calderdale	£ 20.44	£ 94.16	£ 96.97	£ 111.70	£ 119.06	£ 126.43	£ 141.16	£ 44.19
Kirklees	£ 8.00	£ 91.82	£ 94.40	£ 105.82	£ 111.53	£ 117.23	£ 128.65	£ 34.25
Leeds	£ 15.73	£ 116.29	£ 113.60	£ 120.42	£ 123.83	£ 127.24	£ 134.06	£ 20.46
Wakefield	£ 20.32	£ 106.40	£ 106.35	£ 117.44	£ 122.98	£ 128.52	£ 139.60	£ 33.25



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

CONFIDENTIAL - CMO

	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>AVON</b>								
Bath	£ .02	£ 133.35	£ 134.52	£ 129.26	£ 126.63	£ 124.00	£ 118.74	£-15.78
Bristol	£ 36.79	£ 141.47	£ 149.34	£ 151.28	£ 152.25	£ 153.22	£ 155.17	£ 5.83
Kingswood	£ 9.71	£ 137.22	£ 138.84	£ 135.50	£ 133.83	£ 132.16	£ 128.82	£-10.01
Northavon	£ 12.85	£ 139.67	£ 140.32	£ 137.33	£ 135.84	£ 134.34	£ 131.35	£-8.97
Wansdyke	£ 1.14	£ 142.97	£ 135.92	£ 130.66	£ 128.02	£ 125.39	£ 120.13	£-15.79
Woodsoring	£ 19.49	£ 163.20	£ 145.13	£ 142.91	£ 141.79	£ 140.68	£ 138.46	£-6.68
<b>BEDFORDSHIRE</b>								
North Bedfordshire	£ 12.27	£ 163.66	£ 172.85	£ 158.03	£ 150.63	£ 143.22	£ 128.40	£-44.45
Luton	£ 13.66	£ 182.11	£ 175.82	£ 160.34	£ 152.59	£ 144.85	£ 129.36	£-46.46
Mid Bedfordshire	£ 6.05	£ 158.95	£ 170.02	£ 154.21	£ 146.30	£ 138.40	£ 122.59	£-47.43
South Bedfordshire	£ 19.13	£ 192.29	£ 179.54	£ 164.68	£ 157.25	£ 149.82	£ 134.96	£-44.58
<b>BERKSHIRE</b>								
Bracknell	£-30.84	£ 170.24	£ 167.67	£ 140.00	£ 126.16	£ 112.33	£ 84.66	£-83.01
Newbury	£-23.42	£ 165.78	£ 170.52	£ 144.44	£ 131.41	£ 118.37	£ 92.30	£-78.22
Reading	£ .71	£ 159.66	£ 181.22	£ 159.40	£ 148.49	£ 137.57	£ 115.75	£-65.47
Slough	£-37.89	£ 146.96	£ 161.88	£ 133.39	£ 119.15	£ 104.91	£ 76.42	£-85.46
Windsor and Maidenhead	£-27.36	£ 194.51	£ 171.90	£ 143.97	£ 130.01	£ 116.04	£ 88.11	£-83.79
Wokingham	£-24.12	£ 188.46	£ 173.07	£ 145.99	£ 132.45	£ 118.90	£ 91.82	£-81.25
<b>BUCKINGHAMSHIRE</b>								
Aylesbury Vale	£-31.87	£ 152.83	£ 180.87	£ 149.02	£ 133.10	£ 117.18	£ 85.33	£-95.53
South Bucks	£-21.80	£ 239.32	£ 192.16	£ 159.83	£ 143.66	£ 127.49	£ 95.15	£-97.01
Chiltern	£-22.35	£ 234.08	£ 193.94	£ 161.01	£ 144.54	£ 128.08	£ 95.15	£-98.79
Milton Keynes	£-2.36	£ 160.23	£ 194.35	£ 167.68	£ 154.34	£ 141.01	£ 114.34	£-80.00
Wycombe	£-28.07	£ 194.03	£ 186.48	£ 153.95	£ 137.69	£ 121.43	£ 88.90	£-97.58
<b>CAMBRIDGESHIRE</b>								
Cambridge	£-21.90	£ 159.64	£ 144.79	£ 128.34	£ 120.11	£ 111.88	£ 95.42	£-49.37
East Cambridgeshire	£-34.13	£ 119.62	£ 135.87	£ 118.70	£ 110.11	£ 101.52	£ 84.34	£-51.53
Fenland	£-27.85	£ 110.98	£ 137.33	£ 121.68	£ 113.86	£ 106.04	£ 90.40	£-46.92
Huntingdon	£-22.23	£ 137.97	£ 142.42	£ 126.94	£ 119.21	£ 111.47	£ 96.00	£-46.42
Peterborough	£ 6.89	£ 146.86	£ 155.24	£ 145.05	£ 139.96	£ 134.87	£ 124.68	£-30.56
South Cambridgeshire	£-38.18	£ 163.06	£ 137.56	£ 118.38	£ 108.79	£ 99.20	£ 80.02	£-57.54
<b>CHESHIRE</b>								
Chester	£ 34.09	£ 171.29	£ 167.64	£ 162.25	£ 159.55	£ 156.86	£ 151.47	£-16.17
Conington	£ 27.55	£ 163.72	£ 163.89	£ 157.68	£ 154.58	£ 151.48	£ 145.28	£-18.61
Crewe and Nantwich	£ 37.25	£ 157.40	£ 167.19	£ 163.12	£ 161.08	£ 159.05	£ 154.98	£-12.20
Ellesmere Port and Neston	£ 31.11	£ 169.59	£ 165.98	£ 159.91	£ 156.88	£ 153.84	£ 147.78	£-18.20
Halton	£ 33.09	£ 145.34	£ 163.44	£ 159.09	£ 156.92	£ 154.75	£ 150.41	£-13.03
Macclesfield	£ 20.09	£ 200.89	£ 164.66	£ 155.72	£ 151.25	£ 146.78	£ 137.84	£-26.82
Vale Royal	£ 28.48	£ 155.96	£ 163.28	£ 157.54	£ 154.68	£ 151.81	£ 146.08	£-17.20
Warrington	£ 34.35	£ 151.56	£ 164.91	£ 160.51	£ 158.31	£ 156.11	£ 151.71	£-13.20



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>LEVELAND</b>								
Hartlepool	£ 40.57	£ 115.12	£ 132.18	£ 140.58	£ 144.77	£ 148.97	£ 157.37	£ 25.19
Langbaurgh	£ 64.03	£ 149.21	£ 145.41	£ 156.99	£ 162.78	£ 168.57	£ 180.15	£ 34.74
Middlesbrough	£ 87.00	£ 148.64	£ 150.12	£ 168.02	£ 176.96	£ 185.91	£ 203.80	£ 53.68
Stockton-on-Tees	£ 48.41	£ 147.61	£ 140.22	£ 148.36	£ 152.43	£ 156.50	£ 164.64	£ 24.42
<b>CORNWALL</b>								
Caradon	£-35.53	£ 114.78	£ 110.85	£ 102.33	£ 98.07	£ 93.82	£ 85.30	£-25.54
Carrick	£-29.28	£ 117.07	£ 113.22	£ 105.91	£ 102.26	£ 98.61	£ 91.30	£-21.92
Kerrier	£-36.34	£ 98.17	£ 108.67	£ 100.57	£ 96.52	£ 92.47	£ 84.37	£-24.30
North Cornwall	£-36.21	£ 116.89	£ 110.77	£ 102.01	£ 97.64	£ 93.26	£ 84.50	£-26.27
Penwith	£-28.24	£ 113.88	£ 112.91	£ 106.08	£ 102.67	£ 99.26	£ 92.44	£-20.47
Restormel	£-34.41	£ 108.88	£ 110.48	£ 102.31	£ 98.23	£ 94.15	£ 85.98	£-24.50
<b>CUMBRIA</b>								
Allerdale	£ 10.86	£ 96.99	£ 100.69	£ 110.83	£ 115.89	£ 120.96	£ 131.10	£ 30.41
Barrow in Furness	£ 16.33	£ 88.11	£ 100.63	£ 112.61	£ 118.60	£ 124.59	£ 136.58	£ 35.95
Carlisle	£ 23.63	£ 109.07	£ 106.30	£ 118.77	£ 125.00	£ 131.24	£ 143.71	£ 37.41
Copeland	£ 22.98	£ 90.24	£ 102.86	£ 116.25	£ 122.94	£ 129.63	£ 143.02	£ 40.17
Eden	£-4.69	£ 95.42	£ 96.40	£ 102.75	£ 105.92	£ 109.10	£ 115.45	£ 19.05
South Lakeland	£ 9.13	£ 123.39	£ 103.60	£ 112.19	£ 116.48	£ 120.77	£ 129.35	£ 25.74
<b>DERBYSHIRE</b>								
Amber Valley	£ 4.45	£ 117.97	£ 122.34	£ 122.91	£ 123.20	£ 123.48	£ 124.05	£ 1.71
Bolsover	£ 13.86	£ 101.70	£ 123.48	£ 126.85	£ 128.54	£ 130.23	£ 133.60	£ 10.12
Chesterfield	£ 23.77	£ 125.21	£ 130.83	£ 134.93	£ 136.99	£ 139.04	£ 143.15	£ 12.32
Derby	£ 7.27	£ 140.08	£ 126.73	£ 126.65	£ 126.62	£ 126.58	£ 126.50	£-2.23
Erewash	£ 7.95	£ 125.68	£ 125.05	£ 125.87	£ 126.28	£ 126.69	£ 127.52	£ 2.47
High Peak	£ 9.76	£ 113.36	£ 123.89	£ 125.68	£ 126.57	£ 127.47	£ 129.26	£ 5.37
North East Derbyshire	£ 13.57	£ 123.93	£ 126.72	£ 128.94	£ 130.05	£ 131.17	£ 133.39	£ 6.68
South Derbyshire	£-6.49	£ 123.66	£ 120.08	£ 117.60	£ 116.35	£ 115.11	£ 112.63	£-7.46
West Derbyshire	£ 6.53	£ 133.65	£ 125.38	£ 125.68	£ 125.83	£ 125.98	£ 126.29	£ .91
<b>DEVON</b>								
East Devon	£-27.88	£ 136.81	£ 120.44	£ 111.11	£ 106.44	£ 101.78	£ 92.44	£-27.99
Exeter	£-30.88	£ 113.80	£ 117.34	£ 107.84	£ 103.10	£ 98.35	£ 88.86	£-28.48
North Devon	£-18.59	£ 100.38	£ 119.32	£ 113.41	£ 110.45	£ 107.50	£ 101.58	£-17.74
Plymouth	£-27.58	£ 117.11	£ 118.89	£ 110.10	£ 105.70	£ 101.31	£ 92.51	£-26.38
South Hams	£-17.73	£ 135.78	£ 122.41	£ 115.81	£ 112.52	£ 109.22	£ 102.62	£-19.79
Taunbridge	£-18.77	£ 123.16	£ 122.54	£ 115.53	£ 112.02	£ 108.51	£ 101.50	£-21.04
Mid Devon	£-25.28	£ 104.65	£ 118.34	£ 110.59	£ 106.72	£ 102.84	£ 95.10	£-23.24
Torbay	£-14.90	£ 142.56	£ 126.66	£ 119.46	£ 115.86	£ 112.26	£ 105.05	£-21.61
Torridge	£-15.68	£ 92.69	£ 119.22	£ 114.40	£ 111.99	£ 109.58	£ 104.76	£-14.46
West Devon	£-28.84	£ 109.51	£ 117.26	£ 108.71	£ 104.43	£ 100.15	£ 91.60	£-25.66



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

CONFIDENTIAL - CMO

	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>DORSET</b>								
Bournemouth	£-8.37	£ 157.66	£ 158.68	£ 142.79	£ 134.84	£ 126.90	£ 111.00	£-47.68
Christchurch	£-21.61	£ 174.33	£ 154.02	£ 135.36	£ 126.02	£ 116.69	£ 98.02	£-56.00
North Dorset	£-35.80	£ 122.81	£ 143.96	£ 124.00	£ 114.03	£ 104.05	£ 84.09	£-59.87
Poole	£-15.81	£ 176.02	£ 157.48	£ 139.53	£ 130.56	£ 121.58	£ 103.63	£-53.85
Purbeck	£-28.99	£ 139.66	£ 147.74	£ 128.70	£ 119.17	£ 109.65	£ 90.60	£-57.14
West Dorset	£-33.03	£ 122.89	£ 144.77	£ 125.45	£ 115.78	£ 106.12	£ 86.79	£-57.98
Weymouth and Portland	£-10.74	£ 123.54	£ 152.17	£ 137.79	£ 130.60	£ 123.42	£ 109.04	£-43.13
Wimborne	£-20.39	£ 179.73	£ 154.23	£ 135.99	£ 126.86	£ 117.74	£ 99.49	£-54.75
<b>DURHAM</b>								
Chester-le-Street	£ 27.72	£ 121.32	£ 108.20	£ 121.64	£ 128.36	£ 135.08	£ 148.52	£ 40.31
Darlington	£ 42.39	£ 128.16	£ 115.42	£ 131.14	£ 139.00	£ 146.86	£ 162.58	£ 47.16
Derwentside	£ 36.34	£ 106.29	£ 109.14	£ 125.12	£ 133.10	£ 141.09	£ 157.07	£ 47.93
Durham	£ 28.01	£ 112.54	£ 107.84	£ 121.40	£ 128.18	£ 134.96	£ 148.53	£ 40.69
Easington	£ 21.43	£ 92.18	£ 101.85	£ 115.31	£ 122.04	£ 128.77	£ 142.24	£ 40.39
Sedgfield	£ 58.20	£ 112.35	£ 113.87	£ 135.48	£ 146.29	£ 157.10	£ 178.71	£ 64.84
Teesdale	£-4.36	£ 82.96	£ 94.53	£ 101.76	£ 105.37	£ 108.99	£ 116.22	£ 21.69
Wear Valley	£ 43.13	£ 96.89	£ 107.96	£ 126.54	£ 135.83	£ 145.11	£ 163.69	£ 55.73
<b>EAST SUSSEX</b>								
Brighton	£ 5.87	£ 165.65	£ 177.34	£ 160.04	£ 151.39	£ 142.74	£ 125.44	£-51.90
Eastbourne	£-11.57	£ 183.25	£ 173.26	£ 151.54	£ 140.69	£ 129.83	£ 108.12	£-65.13
Hastings	£-19.16	£ 145.20	£ 164.42	£ 143.23	£ 132.63	£ 122.03	£ 100.83	£-63.59
Hove	£-37.64	£ 173.75	£ 157.95	£ 132.71	£ 120.08	£ 107.46	£ 82.21	£-75.74
Lewes	£-19.05	£ 175.90	£ 168.15	£ 145.72	£ 134.51	£ 123.30	£ 100.87	£-67.29
Rother	£-25.00	£ 182.39	£ 166.42	£ 142.67	£ 130.80	£ 118.92	£ 95.18	£-71.24
Wealden	£-34.44	£ 150.29	£ 158.25	£ 134.10	£ 122.03	£ 109.95	£ 85.80	£-72.45
<b>ESSEX</b>								
Basildon	£ 36.00	£ 211.50	£ 208.28	£ 190.19	£ 181.15	£ 172.10	£ 154.02	£-54.26
Braintree	£-23.31	£ 148.26	£ 169.51	£ 144.64	£ 132.21	£ 119.78	£ 94.92	£-74.59
Brentwood	£-24.01	£ 205.78	£ 175.25	£ 148.21	£ 134.69	£ 121.17	£ 94.13	£-81.12
Castle Point	£-16.71	£ 177.81	£ 176.01	£ 151.26	£ 138.99	£ 126.52	£ 101.77	£-74.25
Chelmsford	£-35.00	£ 172.00	£ 166.17	£ 138.47	£ 124.62	£ 110.77	£ 83.07	£-83.10
Colchester	£-33.34	£ 140.16	£ 164.42	£ 137.90	£ 124.64	£ 111.38	£ 84.86	£-79.56
Epping Forest	£-18.17	£ 201.57	£ 178.21	£ 152.17	£ 139.15	£ 126.13	£ 100.09	£-78.11
Harlow	£ 65.75	£ 211.88	£ 224.30	£ 210.69	£ 203.98	£ 197.08	£ 183.47	£-40.83
Maldon	£-26.95	£ 169.07	£ 170.06	£ 143.79	£ 130.65	£ 117.51	£ 91.24	£-78.82
Rochford	£-17.11	£ 184.94	£ 176.72	£ 151.60	£ 139.04	£ 126.48	£ 101.36	£-75.37
Southend-on-Sea	£-13.19	£ 187.00	£ 179.03	£ 154.33	£ 141.98	£ 129.64	£ 104.94	£-74.09
Tendring	£-16.00	£ 166.62	£ 174.85	£ 150.74	£ 138.69	£ 126.63	£ 102.52	£-72.33
Thurrock	£ 16.10	£ 176.88	£ 185.49	£ 168.00	£ 159.26	£ 150.52	£ 133.03	£-52.46
Uttlesford	£-25.01	£ 176.03	£ 169.96	£ 144.44	£ 131.68	£ 118.91	£ 93.39	£-76.58



	Retain rates			Full Community Charge				Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>GLOUCESTERSHIRE</b>								
Cheltenham	£-25.85	£ 149.07	£ 132.49	£ 119.32	£ 112.73	£ 106.14	£ 92.96	£-39.53
Cotswold	£-24.78	£ 149.38	£ 133.00	£ 120.19	£ 113.78	£ 107.37	£ 94.56	£-38.44
Forest of Dean	£-21.74	£ 103.94	£ 128.65	£ 118.34	£ 113.18	£ 108.03	£ 97.71	£-30.94
Gloucester	£-38.87	£ 108.07	£ 124.23	£ 109.49	£ 102.12	£ 94.75	£ 80.01	£-44.22
Stroud	£-25.52	£ 127.32	£ 129.97	£ 117.92	£ 111.90	£ 105.87	£ 93.83	£-36.14
Tewkesbury	£-29.42	£ 141.79	£ 130.38	£ 116.83	£ 110.05	£ 103.27	£ 89.72	£-40.66
<b>HAMPSHIRE</b>								
Basinstoke and Deane	£-19.51	£ 152.97	£ 147.37	£ 131.10	£ 122.96	£ 114.82	£ 98.55	£-48.82
East Hampshire	£-13.92	£ 168.10	£ 148.99	£ 134.20	£ 126.81	£ 119.42	£ 104.63	£-44.36
Eastleigh	£-22.91	£ 153.26	£ 145.90	£ 129.04	£ 120.61	£ 112.18	£ 95.32	£-50.59
Fareham	£-13.13	£ 168.37	£ 152.20	£ 136.57	£ 128.75	£ 120.94	£ 105.31	£-46.89
Gosport	£-21.54	£ 145.58	£ 145.62	£ 129.38	£ 121.26	£ 113.14	£ 96.91	£-48.71
Hart	£-19.62	£ 174.62	£ 149.73	£ 132.80	£ 124.34	£ 115.87	£ 98.94	£-50.79
Havant	£-25.44	£ 158.68	£ 144.20	£ 127.14	£ 118.61	£ 110.08	£ 93.02	£-51.18
New Forest	£-22.77	£ 150.48	£ 144.37	£ 128.01	£ 119.83	£ 111.65	£ 95.30	£-49.07
Portsmouth	£ 12.08	£ 124.84	£ 151.03	£ 144.07	£ 140.60	£ 137.12	£ 130.16	£-20.86
Rushmoor	£-7.75	£ 141.48	£ 149.62	£ 136.49	£ 129.93	£ 123.37	£ 110.25	£-39.36
Southampton	£-12.09	£ 126.73	£ 146.46	£ 132.93	£ 126.17	£ 119.40	£ 105.88	£-40.58
Test Valley	£-24.29	£ 146.34	£ 144.53	£ 127.68	£ 119.25	£ 110.82	£ 93.97	£-50.56
Winchester	£-21.15	£ 156.93	£ 147.09	£ 130.46	£ 122.14	£ 113.82	£ 97.18	£-49.91
<b>HEREFORD AND WORCESTER</b>								
Bromsgrove	£-31.34	£ 163.96	£ 147.10	£ 127.46	£ 117.65	£ 107.83	£ 88.20	£-58.90
Hereford	£-19.06	£ 118.27	£ 146.73	£ 131.15	£ 123.35	£ 115.56	£ 99.98	£-46.75
Leominster	£-26.70	£ 113.84	£ 143.64	£ 126.76	£ 118.31	£ 109.87	£ 92.99	£-50.65
Malvern Hills	£-20.73	£ 157.14	£ 151.17	£ 133.76	£ 125.06	£ 116.36	£ 98.96	£-52.20
Redditch	£-8.61	£ 160.68	£ 156.77	£ 141.29	£ 133.55	£ 125.81	£ 110.33	£-46.44
South Herefordshire	£-30.69	£ 118.12	£ 142.73	£ 124.78	£ 115.81	£ 106.84	£ 88.89	£-53.84
Worcester	£-16.84	£ 154.75	£ 152.53	£ 135.72	£ 127.31	£ 118.90	£ 102.09	£-50.44
Wychavon	£-12.48	£ 173.53	£ 157.15	£ 140.39	£ 132.00	£ 123.62	£ 106.86	£-50.30
Wyre Forest	£ 10.63	£ 163.15	£ 166.08	£ 154.00	£ 147.96	£ 141.92	£ 129.83	£-36.24
<b>HERTFORDSHIRE</b>								
Broxbourne	£ 2.18	£ 173.31	£ 185.52	£ 163.20	£ 152.04	£ 140.88	£ 118.56	£-66.96
Dacorum	£ .58	£ 192.82	£ 188.94	£ 164.93	£ 152.93	£ 140.93	£ 116.92	£-72.02
East Hertfordshire	£ 2.66	£ 175.00	£ 187.32	£ 164.60	£ 153.24	£ 141.89	£ 119.17	£-68.16
Hertsmere	£ 12.76	£ 205.80	£ 198.06	£ 175.06	£ 163.55	£ 152.05	£ 129.05	£-69.01
North Hertfordshire	£-2.51	£ 186.05	£ 186.53	£ 162.28	£ 150.16	£ 138.03	£ 113.78	£-72.75
St Albans	£-8.69	£ 193.66	£ 184.18	£ 158.67	£ 145.92	£ 133.16	£ 107.66	£-76.52
Stevenage	£ 34.70	£ 196.73	£ 206.67	£ 188.00	£ 178.67	£ 169.33	£ 150.66	£-56.01
Three Rivers	£ 3.95	£ 209.13	£ 193.02	£ 168.89	£ 156.83	£ 144.77	£ 120.64	£-72.37
Watford	£ 8.49	£ 177.68	£ 188.30	£ 166.89	£ 156.19	£ 145.48	£ 124.07	£-64.23
Welwyn Hatfield	£ 13.90	£ 197.01	£ 195.22	£ 173.43	£ 162.53	£ 151.64	£ 129.85	£-65.37



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

CONFIDENTIAL - CMO

	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>HUMBERSIDE</b>								
Beverley	£-11.32	£ 142.37	£ 112.44	£ 110.96	£ 110.22	£ 109.47	£ 107.99	£-4.45
Boothferry	£ 7.72	£ 101.33	£ 113.71	£ 118.12	£ 120.32	£ 122.53	£ 126.94	£ 13.23
Cleethorpes	£ 14.20	£ 124.50	£ 119.46	£ 123.98	£ 126.24	£ 128.50	£ 133.02	£ 13.56
Glanford	£ 2.67	£ 120.21	£ 114.90	£ 117.09	£ 118.18	£ 119.27	£ 121.45	£ 6.55
Great Grimsby	£ 5.99	£ 114.03	£ 114.86	£ 118.18	£ 119.83	£ 121.49	£ 124.81	£ 9.95
Holderness	£-11.32	£ 117.41	£ 110.14	£ 109.41	£ 109.05	£ 108.69	£ 107.96	£-2.17
Kingston upon Hull	£ 12.54	£ 101.85	£ 115.15	£ 120.62	£ 123.35	£ 126.08	£ 131.55	£ 16.39
East Yorkshire	£ 5.25	£ 109.83	£ 114.30	£ 117.73	£ 119.44	£ 121.16	£ 124.58	£ 10.28
Scunthorpe	£ 25.58	£ 129.69	£ 122.94	£ 129.81	£ 133.24	£ 136.68	£ 143.54	£ 20.60
<b>ISLE OF WIGHT</b>								
Medina	£-8.59	£ 130.19	£ 132.68	£ 125.88	£ 122.48	£ 119.08	£ 112.28	£-20.40
South Wight	£-1.04	£ 140.39	£ 137.18	£ 131.44	£ 128.58	£ 125.71	£ 119.97	£-17.21
<b>KENT</b>								
Ashford	£-30.12	£ 135.18	£ 128.18	£ 115.15	£ 108.64	£ 102.12	£ 89.09	£-39.09
Canterbury	£-25.26	£ 127.41	£ 128.92	£ 117.31	£ 111.51	£ 105.71	£ 94.11	£-34.80
Dartford	£-5.56	£ 120.33	£ 131.54	£ 125.49	£ 122.46	£ 119.43	£ 113.37	£-18.17
Dover	£-28.27	£ 113.56	£ 124.78	£ 113.56	£ 107.95	£ 102.34	£ 91.12	£-33.66
Gillingham	£-59.76	£ 117.20	£ 115.16	£ 96.64	£ 87.37	£ 78.11	£ 59.58	£-55.58
Gravesham	£-26.71	£ 132.12	£ 128.99	£ 116.81	£ 110.72	£ 104.63	£ 92.46	£-36.53
Maidstone	£-35.02	£ 125.86	£ 125.16	£ 111.49	£ 104.66	£ 97.82	£ 84.16	£-41.01
Rochester upon Medway	£-37.17	£ 123.48	£ 124.19	£ 109.94	£ 102.82	£ 95.70	£ 81.45	£-42.74
Sevenoaks	£-24.86	£ 140.88	£ 131.00	£ 118.84	£ 112.76	£ 106.68	£ 94.52	£-36.48
Sheway	£-23.91	£ 146.07	£ 132.52	£ 120.13	£ 113.93	£ 107.74	£ 95.34	£-37.18
Swale	£-25.78	£ 110.57	£ 126.25	£ 115.31	£ 109.83	£ 104.36	£ 93.41	£-32.84
Thanet	£-17.22	£ 137.58	£ 133.66	£ 123.17	£ 117.92	£ 112.67	£ 102.18	£-31.48
Tonbridge and Malling	£-17.66	£ 126.99	£ 131.64	£ 121.55	£ 116.51	£ 111.47	£ 101.39	£-30.25
Tunbridge Wells	£-32.46	£ 129.88	£ 126.60	£ 113.36	£ 106.74	£ 100.11	£ 86.87	£-39.72
<b>LANCASHIRE</b>								
Blackburn	£ 27.72	£ 101.68	£ 118.42	£ 128.34	£ 133.29	£ 138.25	£ 148.17	£ 29.75
Blackpool	£-5.08	£ 119.99	£ 112.38	£ 113.34	£ 113.83	£ 114.31	£ 115.27	£ 2.89
Burnley	£ 29.92	£ 88.94	£ 116.09	£ 127.52	£ 133.23	£ 138.95	£ 150.38	£ 34.28
Chorley	£-10.80	£ 119.34	£ 110.34	£ 110.18	£ 110.10	£ 110.02	£ 109.86	£-4.48
Eylde	£-8.53	£ 146.07	£ 114.60	£ 113.72	£ 113.29	£ 112.85	£ 111.98	£-2.62
Hyndburn	£ 8.20	£ 89.86	£ 111.33	£ 117.15	£ 120.06	£ 122.97	£ 128.79	£ 17.45
Lancaster	£-6.10	£ 109.77	£ 110.49	£ 111.79	£ 112.44	£ 113.09	£ 114.38	£ 3.89
Pendle	£ 6.07	£ 84.32	£ 109.78	£ 115.45	£ 118.29	£ 121.12	£ 126.79	£ 17.02
Preston	£-4.51	£ 109.04	£ 110.79	£ 112.43	£ 113.26	£ 114.08	£ 115.72	£ 4.93
Ribble Valley	£-7.78	£ 111.67	£ 110.23	£ 111.09	£ 111.52	£ 111.95	£ 112.81	£ 2.58
Rossendale	£ 23.32	£ 102.41	£ 117.90	£ 126.61	£ 130.96	£ 135.32	£ 144.03	£ 26.13
South Ribble	£-20.25	£ 113.40	£ 106.67	£ 104.53	£ 103.46	£ 102.40	£ 100.26	£-6.41
West Lancashire	£-7.86	£ 144.91	£ 114.88	£ 114.14	£ 113.77	£ 113.39	£ 112.65	£-2.23
Wyre	£-15.72	£ 127.46	£ 109.25	£ 107.79	£ 107.07	£ 106.34	£ 104.88	£-4.37



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

CONFIDENTIAL - CMO

	Overspend on GRE Col 1	Retain rates		Full Community Charge				Value of safety net grant Col 8
		with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>LEICESTERSHIRE</b>								
Blaby	£-32.84	£ 140.17	£ 127.26	£ 113.45	£ 106.54	£ 99.63	£ 85.81	£-41.45
Charnwood	£-33.22	£ 139.92	£ 127.03	£ 113.08	£ 106.11	£ 99.14	£ 85.19	£-41.84
Harborough	£-24.45	£ 149.25	£ 131.77	£ 119.23	£ 112.96	£ 106.69	£ 94.15	£-37.62
Hinckley and Bosworth	£-34.09	£ 131.55	£ 125.86	£ 112.03	£ 105.11	£ 98.20	£ 84.37	£-41.49
Leicester	£ 4.69	£ 117.69	£ 136.98	£ 132.19	£ 129.80	£ 127.41	£ 122.62	£-14.36
Melton	£-26.02	£ 142.35	£ 130.26	£ 117.68	£ 111.40	£ 105.11	£ 92.54	£-37.72
North West Leicestershire	£-18.42	£ 127.70	£ 131.18	£ 120.76	£ 115.56	£ 110.35	£ 99.93	£-31.24
Oadby and Wigston	£-38.05	£ 138.75	£ 124.89	£ 110.09	£ 102.69	£ 95.29	£ 80.49	£-44.40
Rutland	£-31.64	£ 127.57	£ 126.46	£ 113.30	£ 106.71	£ 100.13	£ 86.97	£-39.49
<b>LINCOLNSHIRE</b>								
Boston	£-27.80	£ 116.74	£ 113.89	£ 106.63	£ 103.00	£ 99.37	£ 92.11	£-21.78
East Lindsey	£-26.04	£ 114.02	£ 114.02	£ 107.31	£ 103.96	£ 100.61	£ 93.90	£-20.11
Lincoln	£-13.39	£ 110.49	£ 117.71	£ 113.89	£ 111.98	£ 110.07	£ 106.24	£-11.47
North Kesteven	£-24.72	£ 114.60	£ 114.73	£ 108.31	£ 105.09	£ 101.88	£ 95.45	£-19.29
South Holland	£-17.28	£ 114.59	£ 117.13	£ 112.35	£ 109.96	£ 107.57	£ 102.79	£-14.34
South Kesteven	£-27.38	£ 124.34	£ 114.98	£ 107.51	£ 103.78	£ 100.04	£ 92.58	£-22.40
West Lindsey	£-15.65	£ 112.96	£ 117.38	£ 113.05	£ 110.88	£ 108.72	£ 104.39	£-12.99
<b>NORFOLK</b>								
Breckland	£-38.81	£ 119.84	£ 121.29	£ 107.63	£ 100.79	£ 93.96	£ 80.29	£-41.00
Broadland	£-38.84	£ 133.10	£ 122.49	£ 108.51	£ 101.52	£ 94.53	£ 80.55	£-41.93
Great Yarmouth	£-11.40	£ 100.24	£ 132.99	£ 124.44	£ 120.16	£ 115.89	£ 107.34	£-25.65
North Norfolk	£-38.13	£ 125.37	£ 121.84	£ 108.22	£ 101.41	£ 94.60	£ 80.98	£-40.86
Norwich	£-4.53	£ 131.51	£ 136.16	£ 128.66	£ 124.90	£ 121.15	£ 113.65	£-22.51
South Norfolk	£-40.77	£ 129.61	£ 121.39	£ 107.11	£ 99.98	£ 92.84	£ 78.57	£-42.81
King's Lynn and West Norfolk	£-27.88	£ 114.76	£ 124.47	£ 113.29	£ 107.70	£ 102.10	£ 90.92	£-33.55
<b>NORTHAMPTONSHIRE</b>								
Corby	£-10.02	£ 138.17	£ 142.55	£ 130.98	£ 125.19	£ 119.41	£ 107.84	£-34.71
Daventry	£-31.42	£ 149.19	£ 135.57	£ 119.26	£ 111.10	£ 102.95	£ 86.64	£-48.93
East Northamptonshire	£-47.68	£ 114.39	£ 125.92	£ 107.55	£ 98.36	£ 89.18	£ 70.81	£-55.11
Kettering	£-25.32	£ 124.42	£ 134.86	£ 120.94	£ 113.98	£ 107.02	£ 93.10	£-41.76
Northampton	£-15.25	£ 144.38	£ 141.46	£ 128.47	£ 121.98	£ 115.48	£ 102.49	£-38.97
South Northamptonshire	£-42.73	£ 145.01	£ 130.29	£ 112.14	£ 103.07	£ 94.00	£ 75.85	£-54.44
Wellingborough	£-24.90	£ 127.45	£ 135.42	£ 121.37	£ 114.35	£ 107.32	£ 93.27	£-42.15
<b>NORTHUMBERLAND</b>								
Alnwick	£ 14.01	£ 115.67	£ 117.75	£ 123.13	£ 125.82	£ 128.51	£ 133.89	£ 16.14
Berwick-upon-Tweed	£ 11.50	£ 117.41	£ 117.06	£ 121.78	£ 124.15	£ 126.51	£ 131.24	£ 14.18
Blyth Valley	£ 44.60	£ 130.03	£ 128.22	£ 140.37	£ 146.44	£ 152.52	£ 164.67	£ 36.45
Castle Morroeth	£ 18.24	£ 140.56	£ 121.80	£ 127.21	£ 129.92	£ 132.53	£ 138.04	£ 16.23
Tynedale	£ 20.61	£ 118.48	£ 120.10	£ 126.88	£ 130.27	£ 133.66	£ 140.44	£ 20.35
Wansbeck	£ 58.95	£ 117.12	£ 132.21	£ 147.62	£ 155.33	£ 163.03	£ 178.45	£ 46.24



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

CONFIDENTIAL - CMO

	Retain rates		Full Community Charge					Value of safety net grant Col 8
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>NORTH YORKSHIRE</b>								
Craven	£-3.71	£ 105.67	£ 113.72	£ 114.51	£ 114.90	£ 115.30	£ 116.08	£ 2.36
Hambleton	£-14.80	£ 121.09	£ 112.13	£ 109.76	£ 108.58	£ 107.40	£ 105.04	£-7.08
Harrogate	£ 12.35	£ 142.00	£ 125.43	£ 127.67	£ 128.79	£ 129.91	£ 132.14	£ 6.71
Richmondshire	£-2.54	£ 112.23	£ 114.93	£ 115.73	£ 116.13	£ 116.54	£ 117.34	£ 2.41
Ryedale	£-17.18	£ 107.31	£ 109.93	£ 107.56	£ 106.37	£ 105.18	£ 102.81	£-7.13
Scarborough	£ 1.42	£ 114.77	£ 115.62	£ 117.47	£ 118.40	£ 119.33	£ 121.19	£ 5.58
Selby	£-8.17	£ 104.44	£ 112.30	£ 111.77	£ 111.51	£ 111.24	£ 110.71	£-1.58
York	£-17.82	£ 93.21	£ 108.31	£ 106.14	£ 105.05	£ 103.96	£ 101.79	£-6.52
<b>NOTTINGHAMSHIRE</b>								
Ashfield	£ 11.30	£ 108.05	£ 124.39	£ 126.24	£ 127.17	£ 128.09	£ 129.94	£ 5.56
Bassetlaw	£ 20.85	£ 118.55	£ 129.44	£ 132.48	£ 134.00	£ 135.52	£ 138.56	£ 9.13
Broxtowe	£ .79	£ 132.14	£ 124.67	£ 122.92	£ 122.05	£ 121.17	£ 119.42	£-5.25
Gedling	£ .65	£ 138.19	£ 125.40	£ 123.41	£ 122.41	£ 121.42	£ 119.42	£-5.98
Mansfield	£ 12.97	£ 114.38	£ 122.51	£ 125.56	£ 127.08	£ 128.60	£ 131.64	£ 9.13
Newark	£ 1.33	£ 121.63	£ 123.55	£ 122.34	£ 121.74	£ 121.14	£ 119.94	£-3.61
Notttingham	£ 7.56	£ 122.33	£ 124.58	£ 124.91	£ 125.07	£ 125.23	£ 125.56	£ .99
Rushcliffe	£ 6.51	£ 154.73	£ 129.83	£ 128.19	£ 127.38	£ 126.56	£ 124.93	£-4.90
<b>OXFORDSHIRE</b>								
Cherwell	£-26.03	£ 141.85	£ 145.14	£ 127.21	£ 118.24	£ 109.27	£ 91.33	£-53.81
Oxford	£-16.13	£ 134.72	£ 148.15	£ 132.36	£ 124.47	£ 116.58	£ 100.79	£-47.36
South Oxfordshire	£-21.63	£ 158.79	£ 148.41	£ 130.94	£ 122.21	£ 113.48	£ 96.01	£-52.40
Vale of White Horse	£-29.59	£ 152.94	£ 144.27	£ 125.37	£ 115.92	£ 106.47	£ 87.58	£-56.69
West Oxfordshire	£-17.62	£ 145.76	£ 148.90	£ 132.65	£ 124.52	£ 116.40	£ 100.15	£-48.75
<b>SHROPSHIRE</b>								
Bridgnorth	£-37.03	£ 131.28	£ 121.12	£ 108.40	£ 102.03	£ 95.67	£ 82.94	£-38.18
North Shropshire	£-35.22	£ 107.61	£ 119.29	£ 107.83	£ 102.10	£ 96.37	£ 84.92	£-34.37
Oswestry	£-33.97	£ 102.63	£ 119.13	£ 108.12	£ 102.61	£ 97.11	£ 86.10	£-33.02
Shrewsbury and Atcham	£-29.59	£ 129.87	£ 123.76	£ 112.54	£ 106.92	£ 101.31	£ 90.09	£-33.67
South Shropshire	£-37.53	£ 104.22	£ 118.07	£ 106.25	£ 100.33	£ 94.42	£ 82.60	£-35.48
The Wrekin	£-7.92	£ 135.97	£ 131.23	£ 124.76	£ 121.53	£ 118.30	£ 111.84	£-19.39
<b>SOMERSET</b>								
Mendip	£-28.12	£ 123.06	£ 123.50	£ 113.00	£ 107.75	£ 102.50	£ 92.00	£-31.50
Sedgemoor	£-16.23	£ 129.95	£ 128.41	£ 120.21	£ 116.12	£ 112.02	£ 103.82	£-24.59
Taunton Deane	£-20.92	£ 122.68	£ 125.96	£ 117.01	£ 112.53	£ 108.05	£ 99.10	£-26.86
West Somerset	£-30.32	£ 130.88	£ 122.46	£ 111.21	£ 105.59	£ 99.96	£ 88.71	£-33.75
South Somerset	£-30.57	£ 121.92	£ 122.44	£ 111.47	£ 105.98	£ 100.50	£ 89.52	£-32.92



## Effects On Local tax Bills Of Safety Net Options (pounds per adult)

	Overspend on GRE Col 1	Retain rates		Full Community Charge				Value of safety net grant Col 8
		with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6	without safety net grant Col 7	
<b>STAFFORDSHIRE</b>								
Cannock Chase	£-1.15	£ 131.80	£ 135.57	£ 129.75	£ 126.84	£ 123.93	£ 118.11	£-17.46
East Staffordshire	£-12.90	£ 124.10	£ 130.83	£ 122.65	£ 118.57	£ 114.48	£ 106.31	£-24.52
Lichfield	£-13.01	£ 162.82	£ 134.90	£ 125.40	£ 120.64	£ 115.89	£ 106.39	£-28.51
Newcastle-under-Lyme	£-1.05	£ 128.32	£ 135.36	£ 129.74	£ 126.93	£ 124.12	£ 118.50	£-16.85
South Staffordshire	£-14.39	£ 164.55	£ 134.36	£ 124.66	£ 119.91	£ 114.96	£ 105.26	£-29.10
Stafford	£-12.60	£ 141.55	£ 132.71	£ 124.03	£ 119.69	£ 115.34	£ 106.66	£-26.05
Staffordshire Moorlands	£-7.20	£ 125.87	£ 132.96	£ 126.14	£ 122.73	£ 119.31	£ 112.49	£-20.47
Stoke-on-Trent	£-.28	£ 115.73	£ 133.89	£ 128.91	£ 126.42	£ 123.93	£ 118.95	£-14.94
Tamworth	£-4.31	£ 149.39	£ 136.93	£ 129.66	£ 126.03	£ 122.40	£ 115.13	£-21.80
<b>SUFFOLK</b>								
Babergh	£-23.76	£ 139.93	£ 133.29	£ 120.67	£ 114.35	£ 108.04	£ 95.42	£-37.88
Forest Heath	£-12.39	£ 118.33	£ 132.82	£ 124.15	£ 119.81	£ 115.47	£ 106.80	£-26.02
Ipswich	£-3.25	£ 141.39	£ 141.45	£ 132.78	£ 128.44	£ 124.11	£ 115.44	£-26.02
Mid Suffolk	£-16.93	£ 130.01	£ 134.68	£ 123.90	£ 118.51	£ 113.11	£ 102.33	£-32.35
St Edmundsbury	£-27.91	£ 127.48	£ 130.50	£ 117.35	£ 110.77	£ 104.20	£ 91.05	£-39.45
Suffolk Coastal	£-21.78	£ 147.77	£ 134.73	£ 122.25	£ 116.01	£ 109.77	£ 97.30	£-37.44
Waveney	£-17.71	£ 130.43	£ 134.43	£ 123.49	£ 118.02	£ 112.55	£ 101.61	£-32.82
<b>SURREY</b>								
Elmbridge	£ .99	£ 245.52	£ 206.98	£ 177.66	£ 163.01	£ 148.35	£ 119.04	£-87.94
Epsom and Ewell	£ .25	£ 209.65	£ 198.62	£ 171.95	£ 158.61	£ 145.27	£ 118.59	£-80.03
Guildford	£-8.08	£ 185.96	£ 193.07	£ 165.32	£ 151.44	£ 137.57	£ 109.82	£-83.25
Mole Valley	£-11.17	£ 183.43	£ 191.12	£ 163.10	£ 149.08	£ 135.07	£ 107.05	£-84.07
Reigate and Banstead	£-7.59	£ 190.50	£ 193.91	£ 166.14	£ 152.26	£ 138.38	£ 110.61	£-83.29
Runnymede	£-7.99	£ 165.65	£ 190.49	£ 163.69	£ 150.29	£ 136.88	£ 110.08	£-80.41
Spelthorne	£-9.06	£ 175.20	£ 189.97	£ 162.67	£ 149.01	£ 135.36	£ 108.06	£-81.91
Surrey Heath	£-5.77	£ 207.70	£ 197.16	£ 168.87	£ 154.72	£ 140.58	£ 112.29	£-84.87
Tandridge	£-16.19	£ 165.49	£ 186.58	£ 158.50	£ 144.46	£ 130.42	£ 102.34	£-84.24
Waverley	£-4.16	£ 199.78	£ 196.96	£ 169.38	£ 155.59	£ 141.80	£ 114.21	£-82.75
Woking	£-12.26	£ 196.56	£ 190.15	£ 162.00	£ 147.93	£ 133.85	£ 105.70	£-84.45
<b>WARWICKSHIRE</b>								
North Warwickshire	£-5.64	£ 140.47	£ 160.19	£ 144.52	£ 136.69	£ 128.85	£ 113.18	£-47.01
Nuneaton and Bedworth	£ 14.33	£ 151.10	£ 169.62	£ 157.54	£ 151.50	£ 145.47	£ 133.39	£-36.22
Rugby	£-12.68	£ 150.91	£ 160.22	£ 142.19	£ 133.17	£ 124.15	£ 106.12	£-54.10
Stratford on Avon	£-12.24	£ 186.43	£ 165.00	£ 145.58	£ 135.86	£ 126.15	£ 106.72	£-58.28
Warwick	£-15.48	£ 178.08	£ 162.32	£ 142.64	£ 132.80	£ 122.96	£ 103.27	£-59.05



	Retain rates		----- Full Community Charge -----				Value of safety net grant Col 8	
	Overspend on GRE Col 1	with full safety net grant Col 2	with full safety net grant Col 3	with 2/3 safety net grant Col 4	with 1/2 safety net grant Col 5	with 1/3 safety net grant Col 6		without safety net grant Col 7
<b>WEST SUSSEX</b>								
Adur	£-15.97	£ 154.62	£ 160.97	£ 141.64	£ 131.97	£ 122.31	£ 102.98	£-57.99
Arun	£-38.49	£ 157.19	£ 150.19	£ 127.04	£ 115.46	£ 103.88	£ 80.73	£-69.45
Chichester	£-41.73	£ 147.76	£ 146.75	£ 123.62	£ 112.06	£ 100.50	£ 77.37	£-69.37
Crawley	£ 22.82	£ 162.72	£ 170.29	£ 160.28	£ 155.28	£ 150.27	£ 140.26	£-30.03
Horsham	£-40.14	£ 142.62	£ 147.70	£ 124.78	£ 113.32	£ 101.86	£ 78.93	£-68.77
Mid Sussex	£-41.03	£ 149.95	£ 148.26	£ 124.86	£ 113.16	£ 101.45	£ 78.05	£-70.21
Worthing	£-31.01	£ 156.31	£ 153.72	£ 131.81	£ 120.84	£ 109.89	£ 87.97	£-65.76
<b>WILTSHIRE</b>								
Kennet	£-31.46	£ 116.53	£ 114.47	£ 105.78	£ 101.43	£ 97.09	£ 88.40	£-26.07
North Wiltshire	£-29.37	£ 104.58	£ 113.68	£ 105.94	£ 102.06	£ 98.19	£ 90.44	£-23.24
Salisbury	£-35.99	£ 125.34	£ 113.71	£ 103.69	£ 98.68	£ 93.67	£ 83.65	£-30.06
Thamesdown	£ 36.76	£ 139.47	£ 143.05	£ 147.39	£ 149.55	£ 151.72	£ 156.05	£ 13.00
West Wiltshire	£-39.06	£ 113.03	£ 111.49	£ 101.20	£ 96.06	£ 90.92	£ 80.63	£-30.86
Isles of Scilly	£-.41	£ 153.13	£ 153.13	£ 140.86	£ 134.72	£ 128.58	£ 116.30	£-36.83



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DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH

TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

The Rt Hon Kenneth Baker MP  
 Secretary of State for Environment  
 2 Marsham Street  
 LONDON  
 SW1

7 January 1986

*Dear Ken.*

GREEN PAPER ON LOCAL GOVERNMENT FINANCE *attached*

Thank you for your letters of 31 December and 3 January covering various aspects of the Green Paper.

In the light of what you say I do not wish to press further for my suggestions on derating local authority property and on students although I welcome your suggestion for further discussion between our officials on the latter point after publication of the Green Paper. I think that we are now close to agreement on the treatment of specific grants and would be ready to agree to your wording with some small amendment as follows:

"There will remain a role for certain existing specific grants such as that for police expenditure. There may also be a case for new specific grants - in particular in the education field in support of the Government's objective of raising standards at all levels of ability."

Your letter of 3 January attaches a helpful note on the implications of reducing the safety-net. I welcome your view that we should keep our options open in the Green Paper, given that there is now hardly time to go for substantial changes. Nevertheless I think that your proposed re-draft of paragraph 4.43 could go further in that regard. In particular, the draft still refers to an authority's safety net entitlement being "fixed in cash terms for all future years". I think that that sentence would be better expressed thus:

"And the real value of an authority's safety net entitlement would progressively decline in future years, perhaps by fixing it in cash terms."

The last two sentences of the paragraph might read:

"But under these arrangements, if an authority's level

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# CONFIDENTIAL

of spending remained unchanged, the average level of tax bills for its residents would also remain unchanged when the new system was introduced. Once the new system is in operation, the basis of the special arrangements could be reviewed."

I do not think that the clause about "sufficient time elapsing to permit a proper assessment" should be retained: we have the information to conduct a proper assessment now.

If these modest changes to your text can be agreed, the last sentence of paragraph 5.14 should then say that the adjustments "could" (rather than "would") be frozen in cash terms for subsequent years.

I doubt that we could or should decide now on the merits of the new (and substantially different) safety net arrangements illustrated in your note. At first sight, they are not themselves free of difficulty. The effect of equalising the precepts of upper tier authorities on a population basis is borne by the residents of lower tier authorities in the area of each upper tier authority. This can lead to substantial changes in average tax bills, and in the case of Greenwich to an increase of nearly £60 per adult, which is larger than most of the changes which we have been concerned about in the North. The proposal gives some relief to the inhabitants of such authorities as South Bucks and Chiltern, but it does so at the expense of other residents of the same low-spending counties, so that people in Aylesbury Vale face an average tax bill of £181 (against £153 at present) and those in Milton Keynes an average tax bill of £194 (against £160 at present). This infliction of substantial tax increases in low spending areas is not a great improvement on the previous proposals. Meanwhile Sheffield and Newcastle actually experience some small decrease in average tax bills at the expense of lower-spending districts in the same county.

Moreover, this somewhat artificial limitation to county areas of the equalising effect of the new system brings different results according to the variation in domestic rateable values within the county. Areas with the lowest rateable value in Cumbria and Durham see increases in average tax bill per head of only up to £12 (while other areas in those counties experience a decrease from a low base). But in Lancashire, where the range of rateable values is greater, there is an increase in average tax per adult of £27 in Burnley, £25 in Pendle and £22 in Hyndburn. In the case of Pendle and Hyndburn this takes them well over halfway to the unsafety-netted levels of local tax which were previously found unacceptable in E(LF).

I think myself that we shall need to adopt a system which bases the safety-nets on an acceptable rate of change for each area. We shall not be able to withdraw them uniformly

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by one-third, one-half or whatever as illustrated in your note. But all this needs further examination, and I suggest that officials should be asked to do more work, after the Green Paper is published, on the practicalities and merits of various transitional schemes.

I am copying this letter to the Prime Minister and other members of E(LF) and to Sir Robert Armstrong.

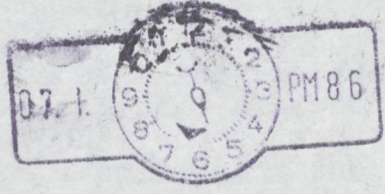
*Yours,*

*Kearz.*

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LOCAL GOVT PT 4  
RATING REVALUATION



17-2



CC BQ



**CONFIDENTIAL**

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

10 January 1986

*Jim Keith*

*N.B.P.*

Thank you for your letter of 7 January.

I think your proposed draft on the section on specific grants is now broadly acceptable. I would propose, however, to substitute "for example" for "in particular".

The syntax of the first of your suggested amendments on the safety nets entitlement looks a little odd - perhaps there is a typing error? The crucial amendment would seem to be the omission of the reference to "all future years" and I am content to delete that.

Your second amendment on the safety net is a useful improvement and I will incorporate it in the final version; but I think we do need to retain the reference to the time needed to evaluate the safety net. We simply do not have the information needed to conduct a proper assessment now. The crucial question will be what impact withdrawal of the safety net would have on local authority tax bills. That will very much depend on local authority expenditure patterns and the scale of the central Government contribution towards local authority spending at the time, neither of which can be predicted with any accuracy at this distance. Moreover if we refer to reviewing the basis of the safety net "once the new system is in operation" it could suggest that we would radically alter the arrangement as early as the second year.

The figures I circulated were intended to do no more than give an illustration of the sort of range of effects that could be produced by withdrawal of the safety net. I shall of course be presenting worked up policy proposals to colleagues in due course on the full range of issues discussed in the Green Paper.

I am copying this letter to those who received copies of yours.

*Kenneth Baker*  
KENNETH BAKER *Kenneth Baker*

The Rt Hon Sir Keith Joseph MP

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LOCAL GOVT : Rating System : Pt 4







1. JF  
2. NBRN

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
London SW1P 3EB

AKB

10 January 1986

Dear Secretary of State

**GREEN PAPER ON LOCAL GOVERNMENT FINANCE**

At Cabinet yesterday we discussed safety net grants and agreed that there should be further study during the consultation period of what sort of transitional arrangements might be appropriate. I am writing to stress the importance I attach to the point I raised yesterday that the Green Paper should not close off any options, either about how the original safety nets should be applied or about how they might be phased out, and that this should be clearly expressed in the Green Paper.

You circulated new proposals for safety net grants with your letter to Keith Joseph of 3 January. Like Keith, I do not feel we are in a position to decide now that they are definitely preferable to your earlier proposals. They produce large cuts in the potential community charge in some authorities (Kensington, Westminster and the City in particular), but some significant increases elsewhere. I do not think we can agree to these without a full study of the possible pattern of rates and community charge over the whole of the transitional period.

I therefore support Keith's amendments to your proposed re-draft of paragraph 4.43. But I also propose that you add a further sentence after your second sentence, to say:-

"It is for consideration how these safety net grants should be applied so as to ensure that shifts in the total amount raised in local domestic tax in each rating authority are not unacceptably large or disruptive."

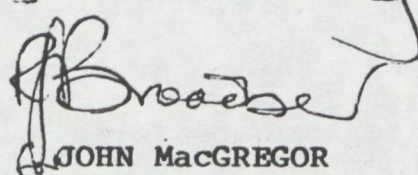
Some consequential amendments are also needed to the Chapters on Scotland and Wales. Paragraph 8.38 should reflect the wording Keith has proposed for paragraph 4.43. And the first sentence of paragraph 9.38 should read "If these changes were allowed to feed



through immediately into local domestic tax bills ..."; "completely" in the second sentence should be omitted; and the final sentence should be amended on the lines Keith has suggested for 9.43: "Once the new system is in operation, the basis of these arrangements could be reviewed."

My officials have made some other detailed drafting points. There is one I should like to mention here. Paragraph 1.27 refers to the "growth in the volume of local authority current expenditure". My strong preference is to give growth figures deflated by the GDP deflator, not by growth measured against specific indices of pay and prices. This is a point which has wider importance, for example in discussions of trends in NHS and defence spending. I think it is important not least for these wider reasons, to change the chart to use figures deflated by GDP deflator.

I am copying this letter to the Prime Minister and other members of E(LF) and to Sir Robert Armstrong.

Yours sincerely  
  
JOHN MacGREGOR

[Approved by the Chief Secretary]





2 MARSHAM STREET

LONDON SW1P 3EB

01-212 3434

My ref:

Your ref:

20 January 1986

*Jim Mann*

## GREEN PAPER ON LOCAL GOVERNMENT FINANCE

You wrote to me on 10 January with some further comments on the Green Paper.

So far as the description of the safety net is concerned, you will have seen from my letter of 10 January to Keith Joseph that I have accepted some but not all of his suggestions. As I explained in that letter, to refer to reviewing the safety net "once the new system is in operation" could suggest changing things as early as the second year of the new system. Similarly, your proposed new sentence about ensuring that changes in average tax bills "are not unnecessarily large or disruptive" would imply that we were not intending the safety net to be complete. We would immediately be asked just what size of change we thought was acceptable.

The Green Paper is drafted on the basis that the safety net will ensure that in the first year the new grant arrangements and the introduction of a national non-domestic rate do not cause changes in average tax bills. Having established this, we then go on to show that how limited the effect of introducing the community charge would be. That line would not be sustainable if we threatened to allow some of the grant and non-domestic rate effects to come through. Moreover, the only other options for reducing the impact of the safety net other than freezing the adjustments in cash terms would be some form of cash terms reduction in the adjustments. That would only signal a willingness on our part to consider imposing the corresponding cash terms increases in the tax bills of the losing areas in the North of England. While we may conclude in due course that that is what we should do, we have yet to reach a view and I see little advantage in spelling this out now.

We have previously agreed that the structure of the argument in the Green Paper should remain unchanged, but that we should look further during the consultation period at possible ways of operating the safety net. That must surely be the right approach: apart from increasing the risk of a hostile reaction to the Green Paper, the amendments suggested would require a significant amount of redrafting to other parts of the Green Paper (especially Chapter 5 and Annex J). There is simply not time to do that if



we are to publish on 28 January. I recognise that you do not want to close off options; but on an issue such as this I do not think we need regard ourselves as being bound hand and foot by the particular proposition floated in the Green Paper.

Your letter also raised a point about spending expressed in volume and in cost terms. I accept the need to draw attention to the latter. I propose, therefore, to include a footnote in Chapter 1 as follows:

"Expressing the growth of local authority current expenditure in volume terms, which discounts the effects of changes in local authority costs (mainly pay) shows the growth of local authority activity over the period concerned. In terms of the impact on the economy as a whole, it is better to measure the growth in cost terms, discounting the growth in local authority expenditure by the GDP deflator. On this basis, the annual average growth in local authority expenditure in England was 5½% in the 1960s, 5% in the 1970s and 1½% in the 1980s.

It may be helpful to mention one further point, which was raised in the Cabinet discussion of the Green Paper. I was asked to have a further look at paragraphs 5.27 and 5.28, on the future of ratecapping. Having done so, I do not propose to make any changes. The present draft justifies the continuation of these powers in terms of the fact that, in the early years of transition to the new system, new taxpayers would face only modest bills. In my view, this is the only tenable basis on which we can argue for retaining this power in the context of the localist/improved accountability thrust of the Green Paper as a whole. But it deliberately does not say that capping will be dispensed with once the transition is complete.

I am copying this letter to the Prime Minister and other members of E(LF) and to Sir Robert Armstrong.

*Y  
Kinneth*

KENNETH BAKER

The Rt Hon John MacGregor OBE MP



LOCAL GOVT  
RATES  
PT 4





2 pp's.

CSBQ



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Kenneth Baker MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
London  
SW1P 3EB

NBM

20 January 1986

Dear Secretary of State

**GREEN PAPER ON LOCAL GOVERNMENT FINANCE**

Thank you for your letter of 20 January about safety net grants and other points I had raised.

I remain concerned about the issue of how safety nets are to be applied and operated. We have not yet had a chance to see detailed analysis of the effects of the various options, and I believe it is essential that we do not commit the Government to any particular course of action yet. My objective here is simply to ensure that we do not set off unnecessarily down a single route, without an escape hatch, that will lead to hostile criticism and indeed opposition - especially from our own supporters - about its effects on different areas. You will appreciate that I am trying to be helpful to you in the period ahead! But on the understanding that the necessary analysis will be done during the consultation period and that none of the options is yet ruled out, I am prepared not to press my amendments.

On the references to spending expressed in "volume" terms, I understand our officials have agreed some minor changes to the text and to the footnote you proposed and on that basis I am content.

On capping the community charge, it has been clearly decided at E(LF) and at Cabinet that capping should be seen as an integral and continuing part of the Government's policy, and not just for the transitional period alone. I do not accept that the only tenable basis for arguing that is in the context of modest bills in the transitional

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LOCAL COUNCIL PTC  
Ramsay

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period. You point out that the text does not rule out the possibility of retaining capping after that; the point will be clearer provided you omit "during the transitional period" from the last sentence of paragraph 5.28, as I understand our officials have agreed. If you are pressed on this during consultation you will need to spell out what the Government's agreed position is.

I am copying this letter to the Prime Minister, to other members of E(LF) and to Sir Robert Armstrong.

Yours sincerely

*J. Brooker*

for JOHN MacGREGOR

[Approved by the Chief Secretary]



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