

PRIME MINISTER

*Has this been reported to Nick (Bridley or John?)
MT*

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

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

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

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

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

M.B.

MARK LENNOX-BOYD
14 July 1989

cc Andrew Turnbull
Paul Gray

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*Mr Lennox-Boyd,
Thanks for this intelligence. They are not
accepting the basic premise of CC - that voters in
local authority should be made aware of the
consequences of that authority's decisions and
should take the appropriate action at the next election.
It is not sufficient to place accountability in local*

16/7

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14 July 1989

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Paul Gray



With Compliments

You may like to see
the copy of a note
I've sent to David
Waddington.

- C. C. C.

12/7

HOUSE OF COMMONS
LONDON, SW1A 0AA

12.7.89

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Jean David,

There are two Community Charge-related problems which are currently causing colleagues concern.

The first of these occurs in its most extreme form in constituencies like John Lee's, where a very high proportion of electors are faced with Charge levels which will greatly exceed their previous Rates, even after allowing for the Safety Net. This seems to me to be an inherent feature of the system, and I find it very difficult to see what can be done to focus any additional help on these people as matters stand, unless some additional safety net can be manufactured specially for them.

The second, which is much more general, stems from the effect the Safety Net will have in transferring funds from Charge payers in relatively lower-spending authority areas, many of which have Conservative Councils, to Charge payers in higher spending areas most of which are Socialist-run. This applies regardless of the means of those concerned, and has been clearly identified in its likely political impact by Rhodes Boyson and others.

I am much less worried about the logic than the politics of all this, and I am sure you know there is a lot of unease on the subject, in the House and in the constituencies. That is why I was surprised to hear that objection has been so strongly taken to the notion that the burden of the Safety Net should be switched to the taxpayer rather than the charge payer.

If this was done, the result so far as the recipients are concerned would remain the same, and I cannot understand the argument that any spending spree would be triggered at that end. Nor do I imagine that Councils whose electors had been relieved of the Safety Net element of their Community Charge would promptly restore the charge to its previous level and spend the proceeds. It should certainly be possible to make the fact public if they tried, and I would hope it might even be possible to find powers to prevent them even trying.

I know other colleagues are attracted to the alternative course of removing the Education budget from local authorities. I have heard the arguments against this, including the one which says it would mean the end of County Councils, but I don't think this is necessarily seen as a clincher. What I am sure about is the need for some action to relieve the political danger: and if it has to be taken in stages, I hope that we don't then find ourselves in the position of being initially blamed for giving too little, and then being humiliated into giving more at the last minute.

I think the subject may come up at this week's 1922 Committee. I am sure we will hear more about it at the Party Conference. I hope it won't cost us a whole lot of votes.

Yours etc.
Cranley

Cranley Onslow.