

Prime Minister

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## CONSERVATIVE

STRICTLY PRIVATE & CONFIDENTIAL

The Prime Minister

The Deputy Prime Minister

The Chancellor of the Exchequer

The Chief Whip

The Secretary of State for the Environment

The Community Charge

Douglas Hogg and Ken Carlisle came to see me on Monday, 18th December about the Community Charge in Lincolnshire.

They are both faced with increases on a two person household of 46%. This assumes a Community Charge of about £290.00 instead of the Government indication of £222.00. They both said that this position is politically unacceptable.

Lincolnshire is a low spending authority which will actually receive less grant than last year.

Their own constituencies are playing up. They believe their Councillors will be decimated at the polls next May and they have grave misgivings about being able to recover by either

**THE RIGHT HON. KENNETH BAKER MP  
CHAIRMAN OF THE PARTY**

1991 or 1992. I explained to them the difficulties. They are not helped by the abolition of the Safety Net in the first year. They would see some advantage in increasing the element of transitional relief, but this is pretty marginal.

I have also been asked to receive the constituency Chairmen for all the Lincolnshire constituencies. I think this is the first time the Party Chairman has had that sort of request.

Douglas Hogg argued very forcefully for a basic re-assessment of the Rate Support Grant. He sees it as a trade-off between any tax concessions that may or may not be available including the up-rating of allowances in the next budget, and the level of the Community Charge which most payers will regard as a personal tax. Even if this were to cost £1 or £2 billion, he thinks it would be better spent in dealing with the Community Charge, than up-rating the allowances. I told them that I thought there was no prospect of this, but nonetheless I feel that it is important that you should know their views, and they asked me to pass them to you.

Douglas Hogg said that he is seeing you in January, making the same point. Basically, both feel that it is a politically untenable situation and Lincoln of course is a marginal seat.

K.S.

DOUGLAS HOGG, M.P.



9 JAN 1990

HOUSE OF COMMONS  
LONDON SW1A 0AA

December 28th 1989

The Rt. Hon. Kenneth Baker MP  
Chairman  
Conservative Central Office  
32 Smith Square  
London SW1

PERSONAL

*Dear Ken.*

This is merely to confirm what Kenneth Carlisle and I said when we visited you on I think Monday 18th December 1989.

Both Kenneth and I are very concerned about the impact of the Community Charge in Lincolnshire.

As I described to you an average two person household in Lincolnshire will have to pay by way of Community Charge a sum which is around 46% higher than the average rate bill in the County. In the city of Lincoln the increase is of an order of 60%. The implications are obvious for all.

My own belief is that the settlement is far far too tight. I believe that it would be in everybody's interest to cushion yet further the introduction of the Community Charge. You will ask how that is to be financed without damaging the Government's macro economic strategy. My own view is that it would be better by far to take from money that would otherwise be released in next year's Budget sums sufficient to cushion the Community Charge by around £2 billion. That seems to me to suggest that we should forego an uprating in the personal tax allowances and to use the money thus 'saved' so as to cushion the Community Charge. I have no doubt that this is very much in our political interests.

Yours ever

*D Hogg*

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