

RA

CCB/KUP (A-B)

PRIME MINISTER

COMMUNITY CHARGE SAFETY NET

Buffing!
more variants!
Est. Column 6
rather = not
good.
More
check.

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

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

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

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

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

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

[Handwritten signature]

f

PAUL GRAY
30 June 1989

Duty Clerk

RA

PRIME MINISTER

MEETING OF E(LF): 6 JULY

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

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

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

Flag B - John Mills' brief

Flag C - Cabinet Office brief

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

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

RRCB.

PAUL GRAY
30 June 1989
KK1ASA

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