

Mr Norgrove

CONFIDENTIAL

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LORD PRESIDENT

cc Mr Unwin
Mr Roberts
Mr Norgrove

E(LF)

You will remember that at the last meeting before the recess you commissioned the Ministers concerned to get on with an agreed paper on the question of rebating the new community charge. The Scottish Bill will not need to do more than take an enabling provision on this and there is therefore no great drafting problem. But it is important that there should be an agreed policy on the matter (which has to be uniform throughout Great Britain) by the time the Scots unveil their Bill. We have, therefore, fixed an E(LF) meeting for 17 September under your chairmanship to consider the paper you had commissioned.

You may also remember that at the meeting Mr Waldegrave signalled that Mr Ridley was having further thoughts about some basic issues on the introduction of a community charge. This now proves to be the case and, as a result, there will be no paper on rebating the charge for discussion on 17 September.

In essence, Mr Ridley wishes to explore the scope for introducing the charge on a fast time-table (3 or 4 years instead of the 10 years contemplated by the Green Paper) and

without any safety net arrangements to preserve the effect of the present resource equalisation machinery. You will remember that these transitional arrangements were agreed in E(LF) under the Prime Minister's chairmanship last autumn because the original unmoderated proposals were judged to produce too many losers, especially in the north. Pages 40 and 41 of the Green Paper go over this ground.

These radical new thoughts by Mr Ridley need to be resolved before we can move on to consider rebating. One has to know what scheme it is that is being rebated before the social security dimension can be considered sensibly. On present form, then, we are reckoning on a meeting in the week beginning 29 September to consider Mr Ridley's new proposals, and a meeting at around the end of October to consider rebating in the light of the decisions reached at the earlier meeting. Subject to your views, however, we judge that the first meeting - which would be re-opening highly sensitive decisions taken under the Prime Minister's chairmanship last year - would require a meeting of E(LF) with the Prime Minister in the chair. We are accordingly exploring dates with No 10 for a meeting in the week beginning 29 September.

On the face of it, Mr Ridley's proposals would have to confront the problem of creating large numbers of losers ; which led E(LF) last year to devise the transitional arrangements in the Green Paper, and that problem would be made yet worse if there were to be no rebating. I understand, however, that DOE are exploring various moderating devices of one kind and another, and it is difficult to take a view until one sees exactly what they propose. We will, of course, keep you closely in touch.

Finally, I am not yet clear whether we need to keep the meeting on 17 September under your chairmanship. Mr Rifkind may still want that opportunity to consult colleagues about various less important points on the construction and handling of his Bill. His officials are consulting him next week, and we should know his views by Wednesday. I will assume, unless you say otherwise, that if Mr Rifkind wants such a meeting then he should have it.

A J L

A J LANGDON

5 September 1986