



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

The Rt Hon The Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1

14 November 1986

NBP7

Dear Sir  
at floor

ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) BILL: COLLECTIVE  
COMMUNITY CHARGE

I have seen a copy of Malcolm Rifkind's letter to you of 29 October and have no objection to this proceeding as proposed with the drafting of the collective community charge provisions of his Bill. He and I are in broad agreement about the scope and administration of the collective charge.

Calculation of the Collective Charge

Malcolm and I differ, as he acknowledges, over the basis on which the collective charge will be calculated. He proposes the use of a "collective community charge multiplier" reflecting the number of people who typically use collective premises as their sole or main residence at any one time, with a provision for the landlord to ask for the multiplier to be recalculated at prescribed intervals. One result will be that between the time the multiplier is calculated and the time it is recalculated the landlord will have to bear any losses that arise, because the number of adult residents liable to pay the charge drops. Malcolm accepts that this will happen and feels that the arrangements he proposes will be defensible in the circumstances of the housing market in Scotland. The same is not true in England.

The private sector is more important south of the border, and the provision of bedsits, partly self-contained flats, etc is an important part of that sector, particularly in the major urban areas. We cannot afford to do anything that would be seen as a major disincentive to landlords to provide accommodation of this kind particularly in London where the range of community charges will be much larger than in Scotland. For those reasons it may be necessary in England and Wales for a landlord's liability to pay the collective charge to be based on actual occupancy of the property month by month by people aged 18 and over. This would require us to rely on returns made by landlords, but the information available to local authorities from tenants claiming housing benefit should help to provide a check on abuse. It might also be necessary to empower authorities to make some allowance for landlords' genuine bad debts.

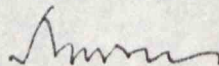
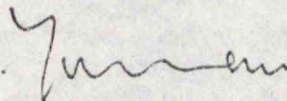


I accept that there are practical arguments in favour of Malcolm's approach, and I understand Nick Edwards may wish to follow the Scottish route. I think it is important for us to take further soundings in England and Wales, both from local authorities and from private landlords, before taking final decisions on exactly how we should proceed.

Detailed operation of the Collective Charge

In particular, we will need to give further thought to the detailed operation of the collective charge in England and Wales. I note, for example, that Malcolm proposes to require landlords to keep records of occupancy, but does not propose to give local authorities any right of entry to premises for checking purposes. These are the kind of issues we will need to consider in England and Wales in the light of the responses to the Green Paper.

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



NICHOLAS RIDLEY



Local Gov't: rating reveal PTS