

CONFIDENTIAL



CABG

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP  
 Secretary of State for Scotland  
 Scottish Office  
 Dover House  
 Whitehall  
 London  
 SW1A 2AU

25<sup>th</sup> January 1988

requested 29/11

CP Peak obtain

Dear Malcolm,

will request if required

**COMMUNITY CHARGE IN SCOTLAND: SAFETY NETS**

Thank you for copying to me your letter of 13 January to John Wakeham in which you set out proposals for a safety net arrangement, when the Community Charge (CC) is introduced, to cushion the impact in certain areas of Scotland.

In view of the earlier decisions to introduce safety nets for chargepayers in both England and Wales, I can understand why, even with the narrower range in prospective community charges in Scotland, you wish to introduce a similar arrangement for Scotland. I also appreciate that your scheme is tailored to meet the different circumstances in Scotland; and I am broadly content with your proposals both as regards the form of the safety net and the period over which it will be phased out. In the summer we will need to consider the cut-off Community Charge level in 1989-90 above which the safety net will operate, bearing in mind that comparisons might be drawn with the arrangement agreed for England and Wales in the following year.

Although it is not mentioned in your letter, I understand that you intend the safety net to be self-financing. You will appreciate that I regard this as an essential condition for any safety net arrangement. The Prime Minister confirmed as recently as November our earlier decision that the safety net in England should be self-financing. That must apply to Scotland, just as in England and Wales.

I am copying this letter to the Prime Minister, members of E(LF) and to Sir Robin Butler.

Yours Ever,  
 John

JOHN MAJOR

local Govt - Rates.

