



PRIME MINISTER

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DUAL RUNNING: RATES AND THE COMMUNITY CHARGE

At E(LF) on 14 April we discussed my proposal that 4 inner London boroughs, Waltham Forest, Westminster, Kensington and Chelsea and Wandsworth should be excluded from the scope of dual running. The Sub-Committee were concerned that the implications of this proposal might not have been fully appreciated in relation to Westminster and Kensington and I was invited to speak again to the members of Parliament concerned.

We have now completed our soundings and found that the members concerned remain adamant that they support the view of the boroughs. In the case of Westminster about which there was most concern, the argument of the Borough is that they will have substantial balances in 1990 - election year - which might allow them to reduce the community charge by up to £130, though they would not necessarily wish to use all their balances at once. They also - correctly - expect to be gainers from the abolition of ILEA and are planning changes in policy which will automatically increase fee income. They are, therefore, confident that their actual 1990 community charge will be below £400 compared with the present projection of £471.

On this basis I remain of the view that we should not stand in Westminster's way. It is relevant also that it is not possible on the basis of the present criteria for selection to exempt Wandsworth where spending is £190 per head above GRE and not Westminster where spending is £158 above.

In line with the E(LF) conclusion therefore, I shall be announcing our proposal to increase the limit from £130 per head to £200 per head during proceedings on the Bill on Monday.

I am copying this to members of E(LF) and to Sir Robin Butler.

NR (approved by the Secretary of State and signed in his absence).
22 April 1988

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