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PRIME MINISTER

24 June 1988

DUAL RUNNING

Nicholas Ridley's minute advocates doing away with dual running in the remaining inner London boroughs where it is at present envisaged. He argues that political support amongst the Government's own MP's is now swung against dual running because it is now thought that paying two local taxes will be highly unpopular. The boroughs themselves have also come out against dual running on the grounds of cost and confusion although their motives must be suspect.

Initial Community Charges and Possible Modifications

In fact, the Community Charges in year 1 in these boroughs with the proposed safety net, with the exception of the City, will be no higher than in Westminster where we have already decided to abolish dual running. They will only exceed £350 a head in Camden and the City.

However these are only illustrative figures and there is more chance than elsewhere that these boroughs will exploit the introduction of the Community Charge. To guard against this and help with the high charges already envisaged in Westminster and Kensington and Chelsea it would be possible to rejig the safety net to bring the initial Community Charge in these boroughs down to any lower desired maximum, say £350 per head in year 1, rising thereafter to the eventual level.

This would be done by redistributing grant and the effect would be a slight increase in the Community Charge elsewhere. DoE officials tell me that they have not done the calculations, but believe that the effect would be small. Clearly it is unlikely to be large at a £350 maximum

1
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as only the City (£488), Westminster (£448), Camden (£438) and Kensington & Chelsea (£384) would be affected.

Assessment

You have always been concerned to protect individual chargepayers in inner London from the high additional costs they would face without dual running. However, by adjusting the safety net as suggested above, one could provide for the Community Charge in these boroughs to be no higher than in some other areas where we have already decided to do away with dual running and to reduce the high charges in Westminster and Kensington and Chelsea. Of course, the boroughs could always seek to set the charge at a higher level than we intended, but we could make it clear that the Community Charge capping powers would be available to us in such circumstances.

Conclusion

We recommend that you agree to Nicholas Ridley's proposal to abolish dual running provided he adjusts the Community Charge safety net to bring the initial charge in those boroughs and some others down to a maximum level to be agreed and is prepared to use his charge capping powers to ensure that charges substantially in excess of those levels are not levied.

Peter Stredder

PETER STREDDER

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