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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

28 November 1988

Dear Secretary of State,

THE COMMUNITY CHARGE BILL

Thank you for your letter of 11 November 1988 seeking agreement to your proposals on the format of the Community Charge Bill in England.

I am generally content with these proposals which produce a simple but comprehensive account of expenditure and how it is to be financed. But I am concerned that the additional line for contributions to and from the safety net will not be easily understood by the chargepayer. It is a rather technical term that makes the Bill more complex than it needs to be. The safety net is in effect a means of redistributing grant: as such I think it would be appropriate to include it within the line for Government grant.

It also seems unwise to risk establishing a need to identify and explain safety net adjustments on the Bill itself. Indeed it might be prudent to bear in mind the possibility that changes to the pattern of community charge will be large enough to warrant the re-introduction of some form of 'safety nets and caps'. No-one can yet know how stable future GREs will prove to be. But we would presumably not wish to draw attention to future 'nets and caps' on the face of the Bill. I would therefore much prefer to include the safety net adjustments within the grant figure.

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I understand that the proposals for the Community Charge Bill in Scotland will not include an explicit line for the safety net and I hope that the same principle can be adopted in England and Wales. I think it will be desirable for all three countries to adopt a consistent approach.

I have also seen John Moore's letter of 23 November and I agree that it would be wrong to incur extra administrative costs as a result of calculating a second, notional, rate of community charge benefit for each claimant. I suggest that the point could be made just as effectively by showing what the charge would have been for the standard level of service but adding that this figure ignores any community charge benefit to which the chargepayer may be entitled.

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

Yours sincerely,

P. Walker

pp **JOHN MAJOR**

[Approved by the Chief Secretary and signed in his absence.]