

CONFIDENTIAL



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16 pm

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

19<sup>th</sup> December 1988

Dear Nick,

**THE COMMUNITY CHARGE BILL** *flap*

Thank you for your letter of 8 December 1988. I have also seen a copy of the letter of 12 December from No. 10.

Colleagues are generally content with your revised format for the community charge bill and I would not wish to delay consultations with local authority associations. I am therefore content for you to proceed on the basis of the format attached to your letter of 8 December.

I do however remain concerned about presentation of the safety net. The new regime will switch grant and business rate revenue from Inner London and the North to Southern England. The safety net will phase in these switches. Many Southern authorities, including our own supporters, will find themselves imposing higher community charges in 1990-91 than if the full transfer of grant and business rate revenue took place immediately.

The danger I see is that some authorities will complain that the safety net is imposing a cost on their chargepayers instead of pointing out that they are gaining under the community charge regime (although the safety net will mean that the gain will not fully materialise for several years). This could lead to complaints from people who should be welcoming the community charge and pressures for a more rapid withdrawal of the safety net for those who lose from it, with related pressures for extra grant. I do think it important to consider the detailed presentation most carefully with these risks in mind.

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

Yours Ever,

JOHN MAJOR

Local Govt: Rates

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