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From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

20 June 1989

Dear Secretary of State

STANDARD COMMUNITY CHARGE

Malcolm Rifkind copied to me his letter to you of 8 June.

at final

I sympathise with the difficulties which Malcolm is having in this area and I certainly have no objection to proposals which would bring the operation of the standard charge in Scotland more into line with the way in which it will work in Wales and England. But the proposals in his paper go further than that. I could not agree to his simply taking a power to prescribe the multiplier up to a maximum of 2, as proposed in paragraph 8.1 of his paper. I do not see how this would do anything to ease the pressures on Malcolm (indeed, it would increase them) unless at the same time he were to give a commitment to use it to set a maximum of one and it has already been agreed in our correspondence earlier this year that this would cause unacceptable difficulties for both of us.

I suggest that it would be better for Malcolm to allow greater flexibility in the operation of the charge by introducing more classes in the way our system does. He could at the same time take a power akin to ours to prescribe maximum multipliers in each case, but it would have to be made plain that there was no intention of using this to set an across-the-board level of a maximum of one.

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

/The experience

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The experience with local authorities in Wales in relation to the standard charge suggests that a large factor in their decisions on the levels of the multipliers will be the assumptions which I will build into the Revenue Support Grant settlement. Malcolm assumed the maximum multiplier in his Settlement. Of course this is a matter for his judgement, but I wonder if he would find it helpful in dealing with criticism if he were to announce that he will equalise on the basis of a lower assumed multiplier next year.

/ I am copying this letter to other members of E(LF).

Yours sincerely

Keith Jarvis

Approved by the Secretary of State
and signed in his absence

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