

PRIME MINISTER

COMMUNITY CHARGE: PENDLE

John Lee is coming to see you tomorrow to talk about his future and about the impact of the community charge in Pendle. Mark Lennox-Boyd has prepared a note on the former.

Two distinct problems can be identified with the community charge.

- (a) There are those authorities whose long run community charge is below the current rate bill per head. Their interest is to get to the long run position as fast as possible and they will resent the safety net if it delays this process.
- (b) There are those authorities whose long run community charge is above the current rate bill per head. There are numerous such authorities in Lancashire. In truth those low rated authorities have been getting a very favourable deal out of the current arrangements and it is arguable that the new system will be much fairer as it will eliminate the hidden transfers. Nevertheless, there is a difficult transitional problem.

Pendle is in the second category. A comparison of columns 2 and 1 of the attached shows that they face eventually a rise of £100 per head. The published safety net implied no move towards the long run position in the first year. Most of the complaints about this option were from the long run gainers who did not see any of their gains unless they were over £75. Column 8 shows the effect of asking all authorities to pay £26. Column 6 shows the effect of having no losses i.e. no increases over the 1989-90 rate bill in real terms, but with the gains held back in a different way. Thus Pendle's position is exactly the same as in the published safety net.

Line to take

You recognise the particular difficulties of authorities such as Pendle and a great deal of work is being done to look at alternative safety nets. It is most unlikely that the version which emerges will be the one which has been used publicly for illustrative purposes, but for the moment you cannot say what the outcome will be. [Adjusting safety nets does not, of course, do anything to modify the long run position to which Pendle will eventually have to move].

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ANDREW TURNBULL

3 July 1989

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8BN

AEF £23bn. Total Standard Spending £32.8bn
 DOE E(LF) Standard Spending Assessment Package
 Inner London charges reduced by £100m ILEA specific grant

	COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run charge	COL 3 Old net £74 Limit No Losses	COL 4 Old net £39 Limit £25 Losses	COL 5 E(LF)(89)3 Proposed safety net	COL 6 No Losses 19% of gains allowed	COL 7 £25 loss 43% of gains allowed	COL 8 All adults pay £26 to net	COL 9 Change with 1% rise in spending
HUMBERSIDE									
Beverley	317	302	317	317	302	314	310	329	8
Boothferry	220	309	220	245	245	220	245	246	9
Cleethorpes	264	332	264	289	289	264	289	290	9
Glanford	259	286	259	284	284	259	284	285	8
Great Grimsby	251	322	251	276	276	251	276	277	9
Holderness	262	288	262	287	287	262	287	288	8
Kingston upon Hull	233	330	233	258	258	233	258	260	9
East Yorkshire	242	318	242	267	267	242	267	268	9
Scunthorpe	284	371	284	309	309	284	309	310	9
ISLE OF WIGHT									
Medina	245	250	245	250	250	245	250	272	7
South Wight	269	265	269	269	265	268	267	291	7
KENT									
Ashford	239	198	239	237	214	231	220	224	7
Canterbury	224	199	224	224	203	219	212	225	7
Dartford	218	234	218	234	234	218	234	245	7
Dover	198	187	198	198	187	196	193	214	7
Gillingham	211	186	211	211	190	206	199	213	7
Gravesham	232	193	232	232	208	225	214	219	7
Maidstone	231	179	231	218	204	221	207	206	7
Rochester upon Medw	205	163	205	201	180	197	185	189	7
Sevenoaks	257	192	257	230	226	244	226	218	7
Shepway	278	229	278	267	251	268	255	255	7
Swale	198	203	198	203	203	198	203	225	7
Thanet	234	209	234	234	213	229	222	235	7
Tonbridge and Malli	229	223	229	229	223	228	226	250	7
Tunbridge Wells	245	190	245	229	217	234	219	216	7
LANCASHIRE									
Blackburn	183	234	183	208	208	183	208	209	8
Blackpool	239	290	239	264	264	239	264	265	8
Burnley	176	259	176	201	201	176	201	203	8
Chorley	228	238	228	238	238	228	238	255	8
Fylde	272	250	272	272	252	268	262	276	8
Hyndburn	176	256	176	201	201	176	201	202	8
Lancaster	211	253	211	236	236	211	236	237	8
Pendle	169	270	169	194	194	169	194	195	8
Preston	233	220	233	233	220	231	227	247	8
Ribble Valley	215	245	215	240	240	215	240	242	8
Rossendale	199	277	199	224	224	199	224	225	8
South Ribble	228	249	228	249	249	228	249	254	8
West Lancashire	275	239	275	275	251	268	258	265	8
Wyre	239	249	239	249	249	239	249	265	8