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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

NBRM

5 July 1989

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Dear Nick

MPs AND COMMUNITY CHARGE

As you are aware, MPs with constituencies outside London can claim against the Additional Costs Allowance (ACA) for the reimbursement of rates on a second home if they need one for the purpose of performing their Parliamentary duties.

When rates are replaced by community charge in England and Wales it is likely that Members will pay a standard community charge in respect of the accommodation for which they currently claim rates on ACA. I should be grateful for your agreement that I may advise the Fees Office to accept claims for the reimbursement of standard community charge in the circumstances where they would have previously accepted claims for rates.

I think that this can be ring-fenced against other groups trying to claim reimbursement of the personal charge because Members will already be paying a personal charge in respect of their main residences. There can be no question of reimbursing this.

A secondary justification is that a distinction can be made between the personal charge, with its characteristics as a personal tax, and the standard charge, where the liability derives from a legal interest in the property and can, therefore, be considered as a tax on property like rates.

Lastly, my legal advice is that, as it stands, the Resolution on ACA would permit the reimbursement of standard charges but not personal charges. The Resolution would have to be amended if we wanted to block the reimbursement of standard charge. I should not welcome the prospect of getting this through the House, especially as the standard charge in Westminster may be amongst the highest in the country, and it has been decided that Ministers living in Crown property will have their standard charge met from public funds. The explanation (that this follows because they have no legal interest in the property), is unlikely to cut much ice with backbenchers.

I therefore hope you can agree to my proposal. I am copying this to the Prime Minister, Malcolm Rifkind, Peter Walker and other members of the Cabinet.

John Wakeham

JOHN WAKEHAM

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