



Prime Minister

#### COMMUNITY CHARGE TRANSITIONAL RELIEF

I agree with your and Nigel Lawson's judgement that if a transitional relief scheme is to be introduced in England then it would be indefensible not to follow suit in Wales, and I have been considering whether the scheme proposed for England would also be suitable for introduction in the Principality.

While I can see no technical reasons why this scheme could not be introduced in both countries, I would be reluctant to introduce it in Wales, mainly because to do so would not be cost effective.

On best estimates it could cost £5m to £6m to administer such a scheme in Wales and this would be not much less than the total amount of grant I would expect to be claimed. I would find this position very difficult to explain.

In the light of this my officials have identified an alternative arrangement which would be better suited to Welsh circumstances and which could be introduced at no greater overall cost.

Essentially the scheme would direct relief within district council areas to those wards (or communities) with average rateable values below the average rateable value for the appropriate district or below some other threshold which I would set. The households benefiting would, in the main, be the same as those who would benefit under any scheme based upon comparisons between rate bills and community charges.

The scheme would require a simple amendment to the Local Government and Housing Bill (probably common to that required in England), followed by regulations.

As soon as we announce our plans, and with colleagues' agreement, I would propose to consult local government in Wales about the detailed operation of my scheme, and to put the necessary arrangements for its implementation in hand.

I am sending a copy of this minute to Nigel Lawson, Chris Patten, Tony Newton, Malcolm Rifkind and Norman Lamont, and to Sir Robin Butler.

9 October 1989

PW

