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My ref:

Your ref:

John Gieve Esq  
PS/Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON  
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27 October 1989

Dear John

Thank you for your letter of 17 October recording the Chancellor's agreement to my Secretary of State's proposals for phasing out the safety net, low rateable value and ILEA grants.

You also set out the Chancellor's agreement to phasing out the transitional community charge grant over three years and his view that it is appropriate to begin phasing out in 1991/92.

My Secretary of State accepts the Chancellor's arguments for beginning phasing out in 1991/92. He therefore proposes to adopt a withdrawal profile equivalent to your suggestion of raising the threshold to £3.50 a week in 1991/92 and £4.00 a week in 1992/93.

He proposes withdrawal of 25p a week per person of relief in 1991/92 and a further 25p a week in 1992/93. For the household with two or more adults this is the same as having £3.50 and £4.00 thresholds. But it is slightly more generous to one adult households and to pensioners and disabled who were not previously ratepayers.

He has decided on this approach rather than increasing the threshold because he expects that it will virtually eliminate administrative costs in 1991/92 and 1992/93 as there will be no need for local authorities to continue to maintain rating lists and look at household size in the later years.

On this basis he expects the profile of costs of transitional relief for England, taking account of the recent agreement on larger households and making the usual assumptions to be:





	Relief paid	Net cost including admin and benefit flowbacks	Individuals entitled
	(£m)	(£m)	(m)
1990/91	300	305	6.0
1991/92	230	170	4.8
1992/93	180	130	3.8

NB: Costs in 1991/92 and 1992/93 are likely to be lower than shown because of movers and deaths.

My Secretary of State also agrees with the Chancellor's conclusion that the withdrawal of housing benefit transitional protection does not present any obstacles to beginning the withdrawal of community charge transitional relief in 1991/92.

I am copying this letter to Paul Gray.

*Yours sincerely*

*Roger Bright*

R BRIGHT  
Private Secretary



Local Court;

rates pt 15.

