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*Dr Norman*

### COMMUNITY CHARGE TRANSITIONAL RELIEF

The practical arrangements for implementing the scheme by next April are progressing reasonably well. My officials have had useful discussions with computer software companies and the local authority associations who are adopting a sensible and practical approach to the scheme. The underlying principle of the scheme is widely accepted and most local authorities appear very willing to operate the scheme although it is clearly going to present very difficult problems for them to set up the necessary administrative arrangements in the limited time available.

About 75% of the relief will go to individuals living in 1 and 2 adult properties because those properties are more likely to be smaller and therefore of lower rateable value. Under our proposals, entitlement to relief for those living in these properties will be calculated automatically. Most of the rest of the relief will go to pensioners and disabled people who were not former ratepayers or the partners of former ratepayers.

There is however one outstanding problem which has now been raised on a number of occasions. This concerns our proposals for seeking nominations where there are three or more individuals in a property. I am reluctant to return to this topic but there is some risk that this issue, which is at the margins of the scheme, may cause a disproportionate amount of difficulty with and for local authorities.

Geoffrey Howe is also concerned about this aspect of the proposals, as he indicated in his letter of 23 October. I agree with Geoffrey's observation that the procedure for seeking nominations for two people to receive relief is laborious. But I am afraid that switching from nominations to an application system would increase rather than reduce the administrative burden. In practice, I think authorities might well receive applications from all residents who think they have a chance of being eligible. In any case, applications would require extensive checks to be made, which the







nomination proposal sought to avoid. Indeed the Audit Commission are concerned that the proposals would encourage "creative" nominations and thereby lead to the possibility of fraud because of the incentive to claim relief by excluding others.

As was made clear during debates in the Lords and yesterday during CCLA of the Local Government and Housing Bill, local government's clear preference is for relief in respect of two community charges to be apportioned equally amongst those individuals living in three or more person properties. This would not increase the cost of relief, and would indeed reduce the cost of administering the scheme. (On our calculations, about only £7 million of relief will go to individuals in larger properties, while the cost of administering this is estimated to be about £7 million with nominations, or £12 million with applications. A switch to automatic apportionment would reduce the administrative cost to about £4 million.) Apart from being fairer where more than 2 individuals in a property have legally and practically been ratepayers at present, and reducing costs, such a change would be welcomed by the local authorities and provide them with very useful practical assistance in getting the scheme ready by next April - at a time when they are already hard pressed in implementing the community charge on a tight timetable.

This change could also make the legal position more watertight. I am a little concerned whether there is a sound legal basis for requiring nominations where, for example, houses are in multiple occupation and residents have little contact with one another. Nominations would require them to co-operate in the choice of two recipients for relief where it may not be reasonable to expect such co-operation would be forthcoming. The penalty for failure to nominate two persons would be no relief for any individual in the property.

Given the weight of criticism and the legal and administrative problems in the nomination approach and bearing in mind the small amount of relief involved (about 2%) I think it would be sensible to make the change.

I am copying this letter to the Prime Minister, Geoffrey Howe, Malcolm Rifkind, Peter Walker, Sir Robin Butler, and, in view of the legal doubts, to Patrick Mayhew.

CHRIS PATTEN



