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PAUL GRAY

16 November 1989

COMMUNITY CHARGE TRANSITIONAL RELIEF: LARGER HOUSEHOLDS

*at flap*  
Chris Patten's letter of 8 November to Norman Lamont about how to divide up community charge where a household has more than two adults.

This issue was left open in last month's announcement. It was just said that no household would receive relief in respect of more than two community charges.

Last month DOE proposed a scheme whereby occupants of larger households would have to nominate the two people who would receive relief. This was generally supported (including by myself) on the grounds that it would be simpler than the obvious alternative of an application system. This would have required local authorities to sift and check possible multiple applications from such households, thus becoming difficult to administer.

Chris Patten has now had second thoughts. In part, and importantly, these reflect legal doubts about a nomination scheme. He now favours automatic apportionment of the two reliefs among all adults in the household.

His arguments in favour of this are

- lower administrative costs;
- fairer, especially where there are adults in bedsits etc who do not really know each other;
- preferred by the local authorities.

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The argument against automaticity, which he doesn't put, is dilution of the principle that relief should only go to former ratepayers. This has exercised the Treasury, but given the significant administrative savings and the fact that the problem is at the margins of the relief scheme, Norman Lamont has been advised to agree to this change.

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Conclusion

It is evident that either an applications or a nominations scheme would be administratively complex and possibly unfair where rates bills had in the past been shared. On the other hand, automaticity would mean slightly less relief to the former ratepayer where, in practice, that had been a single person (or two persons). But the relief scheme's success depends on practicability, and the easier the administration is made, the better (and cheaper). Thus on balance I think the Prime Minister should endorse Chris Patten's proposed change.

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*John Mills*

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LOCAL GOVT: Rates

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