

MEETING RECORD

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SUBJECT MATTER



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 March 1990

Dear Lord,

THE STANDARD COMMUNITY CHARGE

The Prime Minister was grateful for your Secretary of State's minute of 27 March. She briefly discussed the issues arising with the Chancellor of the Exchequer, your Secretary of State, the Chief Secretary and the Minister for Local Government this morning.

The Prime Minister asked if consideration had been given to seeking to remedy some of the other difficulties arising with the standard community charge in the context of the primary legislation now planned in relation to caravans. That would mean that changes could be effected in 1990-91 rather than having to wait until 1991-92. In discussion it was pointed out that if the Bill on caravans was to be extended it would complicate the handling and make it much easier for amendments to be moved to introduce the fundamental changes to the operation of the community charge. Legislation was being brought forward immediately to deal with the caravans problem because the Government had given earlier assurances on this point which, it now transpired, had not been put into effect by the existing legislation; it was thought that this factor distinguished caravans from all the other issues now coming to light on the standard community charge.

The Prime Minister, noting that the caravans issue had been brought to her attention by Sir Eldon Griffiths, M.P., asked whether the other problem he had raised relating to American bases in this country had now been resolved. The Minister for Local Government said that the matter was in hand and would shortly be sorted out.

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Summing up the discussion, the Prime Minister said it was agreed that the Bill to sort out the caravans problem should be restricted to that one issue and that consideration of further changes in relation to the standard community charge should be handled as suggested in your Secretary of State's minute by considering whether further prescription should be made for 1991-92.

I am copying this letter to John Gieve (HM Treasury), Carys Evans (Chief Secretary's Office), Stephen Williams (Welsh Office), Jim Gallagher (Scottish Office) and Sonia Phippard (Cabinet Office).

*Yan.
Paul*

Paul Gray

Roger Bright Esq
Department of the Environment.

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POSSIBLE MEANS OF RELIEVING THE BURDEN ON COMMUNITY
CHARGEPAYERS

Paper by the Department of the Environment

1. This paper considers possible ways of modifying community charge arrangements. It does so in a preliminary way before officials undertake a deeper study of those mechanisms which appear the most promising.

2. It should be noted that the options considered are not necessarily mutually exclusive: it may well be that a number of measures could be combined to produce the most effective solution.

3. The paper focusses on action which could be taken for 1991/92. But it would be necessary to avoid instability of arrangements from year to year so in practice the schemes described should be considered as if they are to be in place for a number of years.

4. It should also be noted that there is very little bouyancy in the population of chargepayers which varies only with the number of adults of 18 and over. Charges therefore automatically increase from year to year as local authority spending increases. To the extent that local authority expenditure outstrips the growth of income of this population, charges will take an increasing proportion of that income. This emphasises the need to find means of containing the growth of the charge to a rate close to the rate of growth of incomes; and, in view of the gearing of the charge, to find means of limiting authorities' expenditure over and above their Standard Spending Assessments.

5. Charges will also increase from year to year if new burdens, like Community Care, are placed on local authorities without full grant funding.

I. ADDITIONAL PROVISION FOR TOTAL SPENDING AND GRANT

6. In 1990/91 local authorities in England appear to be providing for total spending of £36.2 billion (£3.4 billion or 10% more than the Government's provision and £4.6 billion (16%) more than in 1989/90). Current public expenditure plans allow for some increase in 1991/92, based on past trends in local authority spending. They assume that before Community Care, total spending will be about £38.2 billion, that Aggregate External Finance (AEF) will be £24.26 billion and that the average community charge will be £398. Given,

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however, the level of planned spending, income and the community charge in 1990/91, this may be optimistic. Allowing for inflation and new burdens arising from demographic change and new legislation an overall cash increase in spending of 10% may be more likely before adding in Community Care. This implies total spending of about £40.3 billion and an average community charge of £450, is easily possible without extra funding.

7. If nothing additional were done to contain or reduce total spending by local authorities, large increases in aggregate external finance (AEF) would be needed to contain or reduce the level of the community charge - even assuming that extra grant did not simply encourage extra spending by authorities. To the extent that that assumption is incorrect, extra AEF would not reduce the community charge £ for £. (Hereafter in this paper, this is termed 'leakage'.)

8. To secure particular levels of community charge on these assumptions, additional AEF would be needed as follows:-

a. to contain community charge levels to £363 (1990/91 average) plus allowances for increased local authority costs and new burdens (e g, community care);

Estimated cost:

Spending increase over 1990/91: £4.1 billion

Grant increase: £3.6 billion

AEF increase: £4.5 billion

RPI effect:

b. to reduce community charges to an average of £300, assuming total spending is £40 billion;

Estimated cost:

spending increase over 1990/91: £4.1 billion

Grant increase: £5.8 billion

AEF increase: £6.7 billion

RPI effect:

c. to reduce community charges to an average of £200, assuming total spending is £40 billion)

Estimated cost:

spending increase over 1990/91:	£4.1 billion
Grant increase:	£9.1 billion
AEF increase	£10.2 billion

RPI effect:

9. The RPI effect of these increases in grant is pronounced because it is assumed that this year's increase falls out of the RPI calculation next April and the extra grant succeeds in containing or reducing the level of the community charge.

10. It should be noted that increases in grant of this order might well have adverse implications for the ratio between Public Expenditure and GDP, and for levels of national taxation and borrowing/debt redemption.

II. LIMITATION OF EXPENDITURE

A. ANNUAL ELECTIONS

11. A measure designed to reinforce the effectiveness of accountability under the community charge and thus limitation of expenditure (if electors so wish) would be to introduce annual elections for all local authorities. At present, county councils and London borough councils are elected every four years. Metropolitan districts elect one third of the council in three years out of every four. Shire districts may opt to elect the whole council every four years or to elect one third of the council in three years out every four. 60% of shire districts opt to elect every 4 years and the other 40% elect by thirds.

12. There is some evidence that the pattern of annual increases in spending by counties is related to the election cycle, though a study at the time of the Widdicombe committee concluded that the long run rates of increases in spending by different types of authority were similar. The introduction of the community charge was however intended to enhance electoral participation, and annual election of a portion of every council seems congruent with annual budgetting and billing of chargepayers.

B. CONTAINING LEAKAGE

13. As the comments in paragraph 7 above indicate, there is a danger that the actual level of the community charge levied by authorities this year will have established a norm in the public mind, and therefore that authorities will feel that they can with comparatively little electoral risk charge in 1991/92 at a similar or slightly greater level. This increases the possibility that any extra grant provided with the object of reducing the level of the charge in 1991/92 may simply leak through into new spending without reducing the charge. It can therefore be argued that a useful preparatory measure would be use the transitional relief powers in s. 13A of the 1988 Act to reduce everyone's community charge liability this year to a level nearer that originally planned by the Government. This would remove from the public mind the idea that £363 was the going rate. It would not affect the spending base from which authorities would approach their budgets next year and authorities would claim that we were simply recognising that they were right in the budget proposals. But it would tend to reduce the cost of containing the level of the charge next year and provide a better basis for measures aimed at an actual reduction in the level of the charge.

14. It costs £1 billion to reduce the charge by £28, so the gross cost of reducing the average payment of chargepayers this year to £278 would be £3 billion. But there would be savings of over £600 billion in community charge benefit which is having to be paid out as a result of the average charge of £363 and some of the cost of the existing transitional relief scheme could be saved as well. The net cost of this measure would therefore be £2.4 billion this year.

C. DIRECT CONTROL OF EXPENDITURE

15. There is a number of possible ways, of varying scope, by which spending by local authorities might be limited directly.

a. Conventional charge-capping

i. In-year under current powers

16. For reasons of legal consistency and certainty, it is not likely that more than about 30 authorities will be capped in any year.

Expenditure reduction: up to £350 million.

Reduction in the average community charge: up to £10.

11. In-year but with strengthened powers

17. The current limit on the number of authorities that can be capped stems from legal advice that it is not safe to adopt a criterion lower than expenditure 12.5% in excess of an authority's SSA. It may be possible to provide powers in the primary legislation which would permit capping more safely at a lower margin above SSA or even below SSA where there are excessive expenditure increases.

18. One possibility is a power which bears directly on high charges (rather than an excessive level or increase in budgetted income, as under the existing power). But since the level of the charge flows inevitably from the budgets of the authorities for the charging area it is not clear that it will be possible to look to the level of charge in isolation from the relationship between the authorities' budgets and their SSAs.

111. Multi-year capping

19. One of the problems with in-year capping is that the scope for capping high-spending authorities may be limited by the fact that they have spending commitments of one kind and another which prevent the maximum reduction implied by the capping criteria from being achieved. There is therefore a case for a power which permits a programme of capping, designed over a period of years to ratchet the expenditure of the authority down to the level implied by the criteria. This would require a power whereby an authority capped in-year was also designated for capping in subsequent years.

20. The details need further study but the proposal would probably entail the setting of provisional caps for subsequent years which could be revised downwards but not upwards (except perhaps to accommodate new burdens resulting from legislation). Authorities might stay within the scope of capping for the longer of three years or the time taken to reduce spending to the threshold level which triggered capping.

21. This would require legislation. Its effect would probably be to increase over time the number of authorities in capping at any one time to 40 or 45 (assuming that the tendency of authorities to overspend was not otherwise moderated).

22. The first-year expenditure reduction resulting from such a system would not be greater than for in-year capping but there should be a cumulative reduction in subsequent years.

b. Comprehensive expenditure limitation

23. The existing arrangements look to the increased accountability inherent in the community charge as the main instrument for containing expenditure. Charge-capping is an adjunct to deal with a limited number of high spenders, particularly in the transitional period when the safety net and other area grants may blur accountability. If it is considered that the arrangements will be inadequate either in the short or long term, a more comprehensive system of expenditure limitation is conceivable. It would require a statutory limitation on spending by each authority, say, to a level 5% or 10% above its SSA.

24. An inflexible limit would pose great problems in practice. One approach would be to supplement the limit with discretion for the authority to add to its spending by the product of:

a. a small discretion to levy a charge above the limit eg £5; or

b. a small statutorily defined increase to the uniform business rate; or

c. all or some of the authority's usable capital receipts; or

d. fees and charges to the users for services now provided free.

25. (a) and (b) have the disadvantage that all or most authorities would as a matter of course take advantage of the discretion and in the course of time it would come to be allowed for in fixing TSS. (b) would be opposed by the business community who would see it as a reversion to taxation without representation. (c) would be a departure from the Government's previous strong line that capital receipts should not be used to finance current spending. (c) would also tend to be used as a matter of course at least to some extent and the freedom would mean different things for different authorities: shire districts account for a small proportion of spending but have the capacity to obtain large capital receipts, while counties account for most of the spending but have limited ability to earn receipts. The freedom could be differently defined for different types of authority. On (d) there is already access to fees and charges with certain services excluded from charging. There are powers to stop abuses of this facility.

26. Notwithstanding sources of supplementary income, we believe that it would be necessary, for legal and practical reasons, to provide some arrangements for authorities to be given derogation to spend more than the limit if it appeared justified on the merits of the case.

27. A system of comprehensive expenditure limitation is consistent with the view that the government is entitled for reasons of macroeconomic control to limit the total revenue spending of local government, and that to achieve that it is necessary to limit the overall spending of individual local authorities. But it would be politically controversial: it would be represented as a further major inroad on the independence of local government, reducing authorities to democratic accountability only for the effectiveness and efficiency with which they deliver their services.

28. If a workable method of comprehensive expenditure limitation could be devised, it ought to be capable over a period of years of delivering with reasonable certainty an overall limit on authorities' revenue spending and hence a community charge at an expected level for any given proportion of AEF. The level of total spending would depend to some extent on the level of TSS decided by the Government for the year and the extent to which it proved necessary to give derogations. But there would be some risk that otherwise low spending authorities will simply spend up to their limit.

29. That in turn highlights however the extra weight which would have to be borne in such a system by the determination by the Government both of TSS for the year and of the SSAs of individual authorities. Such a scheme would make it difficult to change SSAs significantly between years - stability would be vital.

30. Subject to further advice from lawyers, it is uncertain whether a system could be devised which would be reasonably proof against successful legal challenge. Moreover, widespread request for derogation could be expected: these would require large numbers of expert staff in the DOE to consider local authority budgets, and criticisms of detailed interference by central government in local budgetting would be inevitable.

c. Limitation of income

31. Another possible route to expenditure limitation would be to remove, except perhaps for a small margin on the lines of paragraph 24 (a) to (d) above, local authorities' power to determine and raise their own income, ie, to confine their income to funds provided by the Government. They would be prevented from spending more than this income. This might comprise simply grant, or in part or whole the yield, or part of the yield, of a particular tax or taxes (perhaps a centrally set community charge, as is already done in the case of non-domestic rates). In the latter case, the tax and rates concerned would be defined in statute. The attraction of such an arrangement is that it can appear that the scope for local government spending is ineluctably determined by the yield of the tax - though it would be necessary for the Government to adjust the rate of tax as and when local authorities were required to take on new burdens.

32. Whether or not a tax yield were hypothecated to local government use in this way, it would be necessary for the Government to distribute it between authorities by formula on the lines of the SSAs. This would give rise even more intensively to the kind of problems described in paragraph 29 above, though so long as there were reasonable stability in the income an authority could expect from year to year, there would be no need for derogations.

33. Arrangements on these lines would require a good deal of further study and could not be in place for 1991/92.

D. INCENTIVES TO REDUCE EXPENDITURE

34. It might be possible to use existing statutory powers (those for transitional relief and to give special grants to authorities) to devise a system of incentives to authorities to reduce spending. The Government would prescribe annually benchmark levels of community charge for each authority and if the authority fixed its community charge at less than that benchmark its chargepayers would receive a discount of, say, 25p or 50p for each £ that the actual charge fell below the benchmark. The income foregone by the authority would be met by a special grant from the Government. The benchmark levels for individual authorities might be set by reference to SSA. Or perhaps in relation to the previous year's charge for authorities spending more than SSA so as to give every area some incentive for reductions. For those spending above SSA the benchmark level could be ratcheted down from year to year.

35. On the evidence of recent years it is questionable how well authorities would respond to such incentives: they may continue to take the view that the Government's benchmarks were unrealistic and that their electors prefer services to savings. There might well be scope for manipulating budgetting, especially at election time, to secure the discount without achieving any long-term reduction in spending.

E. PENALTIES FOR FAILING TO REDUCE EXPENDITURE

36. A system similar to that described in paragraphs 34 and 35 could be devised, under which expenditure in excess of Government benchmarks would be penalised by withdrawal of grant, thus increasing the proportion of the authority's spending which has to be borne on the community charge. This would be to recreate arrangements similar to those which have been tried and discarded in the 1980s. The effect on chargepayers would be severe: the gearing of the charge already imposes a heavy burden on them if an authority spends at more than SSA, as has been seen this year.

F. INCREASED USE OF SPECIFIC GRANTS

37. If more grant were being put into the system it might be presentationally preferable to put this into particular services rather than general grant. For example, the rates of specific grant for the police and fire services could be increased, or a specific grant given to meet teachers' pay costs. This might be a way of ensuring that the grant was spent in particular ways and might give more control over the level of charge. But this paper concentrates on the use of specific grants as a way of containing expenditure.

38. To achieve the result intended, it would be essential that the grant should be in the form of a fixed amount or known in advance, rather than an undertaking to meet x% of an authority's spending on a particular service whatever it was. But even then, if the authority is free to spend more on the service than is implied by the amount of grant, such grants may do no more than encourage further spending fully financed by the community chargepayer. If specific grants are not to provide an opportunity for leakage, they must be associated with control of expenditure on the service concerned, e g, through statutorily-imposed expenditure limits or of staff numbers, staff:student ratios, and other resources used in the service. That amounts to central Government's taking responsibility for and control of the function concerned as considered in the next section.

G. REMOVAL OF FUNCTIONS

40. In order to reduce total spending and therefore the amount to be funded by community chargepayers, it would be possible for the Government to take direct responsibility for one or a number of services. This could be done in one of two ways:

- a. the transfer of the function to central government, probably organised on the lines of the health service or the Metropolitan Police; or
- b. leaving responsibility nominally with the local authority but financing the service completely or largely and controlling resource consumption in detail. Under this type of arrangement the authority would remain directly accountable only for efficiency, etc.

41. In principle, it is conceivable to reduce functions so as to reduce the total spending needed to an amount which could comfortably be funded from the community charge alone at a reasonable level everywhere. The logic would be that in these circumstances the level of charge and standard of service could be left between authorities and their chargepayers. For example, an average charge of £200 would yield £7.2 billion in England. This would however imply a major increase in the services controlled by central Government and would be controversial. Moreover, an attempt to confine the functions

of local government to services which could be provided at a standard cost per head of population almost everywhere might well be unsuccessful: it is probable that a significant degree of resource equalisation would be needed and the only way in which that can be achieved is by way of a grant mechanism.

42. It would be possible to remove large single services services, especially those entailing a wide variation of need between authorities, provided that there were a considerable restructuring of the arrangements for AEF. For example, if education were removed (total cost: £14.8 billion - £415 per chargepayer), equalisation for need would be probably still be practicable, provided that the yield of the business rate (approximately £10.5 billion in 1990/91) were no longer hypothecated to local government. If however the charge was to be reduced as a result of the removal of the service, it would be essential not to remove AEF pari passu with the cost of the service: otherwise authorities would have to maintain the existing level of their charges in order to fund the remaining services. If however grant is left behind with the object of reducing the charge, the danger of leakage into higher spending would be very high - ie, the removal of a services or services has very similar implications and problems to those of increasing grant generally as discussed in section A above. The removal of responsibility for large services would undoubtedly be very controversial, however.

43. Transfer of responsibility for other services might be easier, especially those already subject to a high level of specific grant and considerable control by the Government. For example, excluding existing grants, the police and fire services cost £3 billion - £85 per chargepayer. If these services were transferred and the corresponding grant added to revenue support grant (with some additional grant to match the contribution already coming from the chargepayer towards those services), the average community charge could in principle be reduced to approximately the level of CCSS for 1990/91. The possibility of leakage of this extra grant into higher spending would remain high however.

44. Transfer of responsibility for services would need careful drafting and preparation, requiring the establishment of new structures in central government. The earliest that any changes could be implemented would be April 1992 or April 1993.

III FAIRNESS

45. An important factor in public concern about the community charge is the widespread belief that it is fundamentally unfair because under the flat rate rich people pay the same as poorer people and those who are perceived as having no incomes, e g, non-working wives. This is so despite repeated efforts to get across the fact that that community charge benefits are more generous than the rate rebates which they replace; and the fact that the top decile of income pays 15 times more towards local government than the lowest decile.

46. A package of measures designed to improve public acceptability of the charge could include one or more measures aimed to improve fairness.

A IMPROVEMENTS TO COMMUNITY CHARGE BENEFITS

a. Improvements to the taper

46. At present if net income exceeds the applicable amount (the level of net earnings which would entitle a person to community charge benefit at 80% of the charge they have to pay), benefit is withdrawn at a rate of 15p for every £ of net income above the applicable amount. The extent to which community charge benefit reaches up the income scale depends on the level of the community charge in the area concerned, but in general it does not reach beyond the [third] decile. If the slope of the taper were reduced still further, say, to 12.5p per £1 or 10p per £1, benefit would reach a little further up the income scale. At present, 8 million people are expected to receive community charge benefit. If the slope were reduced to 10p per £1 a further 2.3 million people could be helped at a cost of £365 million a year, £225 million of which would however go to improved benefits for those already expected to receive benefit. This measure need not be matched for other benefits. It is simple to implement at short notice by way of regulation since it does not require extensive alteration to computer programmes in local authorities.

b. More generous earnings disregard

47. There has been some public concern about the burden of the community charge on young people who are still in training (but not necessarily treated as students for the purpose of the charge) or who have recently entered the labour market and are on low earnings. The position of those who are not students and whose incomes are low could be improved by increasing the earnings disregard for the purpose of calculating entitlement to benefit. Such an increase would reduce the trap which encourages people to stay on income support (giving them full community charge benefit and help with all or most of the remaining 20%) rather than to move into low-paid employment or training where community charge benefit may only meet a small proportion of their charge or

none at all. Doubling the earnings disregard to £10 for single people and £20 for couples would bring an additional 500,000 within entitlement at a cost of £80 million. If the improvement had to be extended to housing benefit as well the full cost would be over £300 million a year.

c. Further improvements to the treatment of capital

48. The recent budget removed one objection to the arrangements for community charge benefits by raising from £8,000 to £16,000 the threshold at which ownership of liquid capital excludes individuals and couples from benefit altogether. Concern is being expressed however about the effect on entitlement to benefit of the notional income which is assumed to be earned on capital between £3,000 and £16,000. Such capital is assumed to earn £1 a week for every £250 of capital above £3,000. This notional income is then added to weekly net earnings for the purpose of applying the taper to decide benefit entitlement in the individual case. It is argued both that the threshold of £3,000 is too low and that the notional income assumed by the tariff is too high. It would be possible to respond to this by raising the threshold or lowering the tariff or a combination of both.

49. If the threshold were increased to £6,000 and the tariff were reduced to £1 per week per £400 of capital, benefit for a pensioner couple with a community charge of £363 and £16000 of capital would be increased by £4 a week. This would cost £[]m for community charge benefit, and a further £80m if the improvement were extended to housing benefit and [].

50. These changes are all comparatively easy to effect. With the exception of (c), however, they have implications for other parts of the benefit system. All have the disadvantage of increasing the proportion of people dependent on benefits.

B TRANSITIONAL RELIEF

51. The existing scheme of transitional relief is not related to income but in essence to the relationship between the rateable value of the property in which a person is living and the average rateable value for the area. Its purpose is to shelter individuals from large year-to-year increases in bills as a result of the introduction of the charge and as such addresses what is seen as an issue of fairness. The scheme could be improved in a number of ways (including, at the cost of some considerable administrative disruption for local authorities, retrospectively to 1 April 1990):-

a. relief could be maintained at the 1990/91 level for the two subsequent years of the scheme, rather than being withdrawn as now proposed at a rate of £13 a year. This would benefit the 7.5 million people who will be helped by the scheme at a maximum cost in England of £90 million in 1991/92;

b. this years's relief could be increased in line with inflation rather than being withdrawn. This would cost of £115 million in 1991/92;

c. the period of withdrawal could be extended to 5 years, thus moderating the very sharp increases that some people will still have to bear after the third year. The maximum cost in 1993/94 would be £150 million and in 1994/95 £100 million.

d. relief could be increased for existing beneficiaries to help those faced with big increases in bills as the area safety net is withdrawn. This might cost £100 million in 1991/92.

e. relief might be increased this year to cover some or all of the difference between actual charges and assumed charges for the purposes of the scheme. If the difference were met in full for those currently getting relief this would give on average an extra £90 to each of the 6.5 million single people and couples included in the scheme and might cost about £500 million.

52. This type of measure has disadvantages: they would erode accountability at least to some extent; there would be administrative complexities for local authorities; and the more generous the scheme, the more those who do not benefit from it, e g, because they are first-time payers or because they happen to live in a larger property, may consider that they are not being fairly treated by comparison. Simpler uses of these powers, as proposed in paragraph [] above and in section C below, may be preferable.

C GRADUATED CHARGES

53. Concern about the fairness of the system might be better met by more comprehensive alteration of the chargepayer's liability depending upon his or her circumstances. There can be no question of relating the charge precisely to income but it might for example be possible to alter liability so that those on higher rate tax pay 1.5 times the charge; those on standard rate tax pay a multiplier of 1; and those not paying tax pay 0.75 or 0.5 of the charge. The increased charge to higher rate tax payers would not fully offset the cost of reduced charges for others, so increased grant would be needed to replace the income foregone. At an average charge of £363, the increased income from higher rate taxpayers would be £300 million and the cost of reduced charges to non-taxpayers would be £700 million. Since community charge benefits would be calculated on the basis of relieved charges, there would be some off-setting savings (of the order of £200m a year).

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54. A scheme on these lines would require primary legislation. If however the alternative route of a surcharge on higher rate tax payers were taken to offset the cost of reduced charges, existing income tax and local government (principally transitional relief) powers might suffice.

55. A less radical use of the transitional relief power which might be possible would be to reduce the community charge liability of certain groups of people who are perceived as being harshly treated under the existing system, e g, by reducing somewhat the liability of non-working wives who get no other help because incomes are treated jointly for benefit purposes.

IV OTHER ISSUES

THE STANDARD COMMUNITY CHARGE

56. Consideration is already in hand of the standard community charge which is perceived to be harsh by some types of second home owner. For 1991/92 it is possible to use existing powers either to reduce the maximum multiplier to, say, 1 for all second homes, or for certain types such as those owned by people required by their terms of employment to live elsewhere. The latter would be welcomed by school-teachers, service-people, hospital doctors, some people who work abroad, etc.

LEGISLATION

57. Insofar as the possibilities discussed above require primary legislation, most if not all would require consideration in both Houses of Parliament. None of them are straightforward and a great deal of work would be needed to draw up the legislation. The timetable for legislation this session would require tight handling both in drafting and in Parliament. It would have effects on the timing in this session.

58. Even if the legislation could be enacted in this session, some of the changes implied for the functions of local government are so great that the policy could not be implemented in April 1991.

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