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PRIME MINISTER

COMMUNITY CHARGE

The Chief Whip called round to report on the discussion the Whips have had about the Community Charge and the proposals in the DoE papers. Their general assessment is that the dust is settling a bit. While it will be desirable to go into the next Election with an average charge of less than £400, this should not be achieved in ways which put at risk lower interest rates as these are considerably more important to household budgets.

As I expect you do, the Whips feel that the DoE papers skirt round the central issue of what should be done to get a better grip on local authority spending. They agreed that there is little merit in making a substantial increase in grant without an assurance that most of it is reflected in lower charges.

Their main conclusion is that the Government should go much further than DoE have indicated in extending charge capping. In particular, they think all County Councils should, in principle, be capped unless, of course, their spending is below SSA. They are influenced in this by the fact that there are no County Council elections for another three years. They were not attracted by the target/bonus scheme.

While close to you on this issue, they do not support a "fairness" initiative. This would concede too much of a principle which colleagues had defended strongly. It would also be unlikely to achieve its effect as the losers would not be particularly influenced by what happens to the gainers. The Chief Whip did, however, concede that if a Bill on wider capping is introduced, a Mates-type amendment could be tabled. This was defeated by only twenty-five votes last time and would be difficult to stop this time. I put it to him that, if a Mates clause would be difficult to stop, it would be better for the Government to introduce its own fairness clause and hope to enlist the rebels behind it. Many of them felt strongly about the principle but were not particularly attached to the precise

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mechanism. Nevertheless, the Chief Whip preferred to fight on the principle having taken some more of the rough edges off the charge itself. There was no support for Sir Geoffrey Howe's suggestion for using rates as a base for calculating a fairness contribution.

The Whips support the Patten proposals for making the transitional relief scheme more generous. They feel that there is merit in extending the 80 per cent relief enjoyed by students to all those between eighteen and twenty-one. This would soften the blow for families as their teenage children come into the net for the first time.

The Whips are worried about rushing into a new Bill around Whitsun. As the main measures relate to capping, which comes at the end of the process, there may be time to allow a Bill to be introduced in November rather than rushed through in July and the overspill.

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ANDREW TURNBULL

25 April 1990

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