

PS/CHANCELLOR

FROM: B H POTTER

Date: 12 November 1987

cc: PS/Chief Secretary  
 PS/Paymaster  
 General  
 Sir Peter Middleton  
 Mr F E R Butler  
 Mr Anson  
 Mr Gilmore  
 Mr Hawtin  
 Mr Scholar  
 Mr Turnbull  
 Mr Fellgett  
 Mr Tyrie

*Consult on this  
 paper & write on*

## E(LF): TRANSITION TO THE COMMUNITY CHARGE

Your minute of today asked me to keep the Chancellor in touch with progress on the further consideration of the transition to the Community Charge (CC).

2. I understand that a meeting of a small group of Ministers to discuss this subject has been arranged for 9.30am on Tuesday 17 November. Cabinet Office are to circulate an agreed factual paper, hopefully tomorrow night. Mr Fellgett and I met Richard Wilson (Cabinet Office) and DOE officials this afternoon to agree on the format of the paper.

3. A draft of the text will be circulated to me tomorrow morning. It will set out the following policy positions:-

- Chancellor: the July transition arrangements plus the modified safety net (with the £75 p.c cap for contributors) proposed in E(LF)(87)45
- S/S for Environment: modified safety net; dual running everywhere except in inner London and Waltham Forrest (a further variation on Mr Ridley's last scheme in E(LF)(87)45).

*(Mr. Tebbitt's constituents)*

*only*

POTTER  
 →  
 PS/CH  
 12/11

We have also agreed on the supporting factual material to be provided. The main series of tables will show gainers and losers under the Chancellor's and Mr Ridley's proposals in the initial year 1990-91; an outline of the England table, (which we put to and agreed with Cabinet Office) is at Annex A. The key advantages are:-

- i) it is the first winners and losers table for individuals (voters) rather than households ever presented to Ministers discussing the transition; to prepare the table requires the assumption that rate bills are currently evenly split between members in a household - but, to the extent that is wrong, it will <sup>probably</sup> underestimate the number of losers; relative to the household tables previously discussed by Ministers, it will show more losers but with smaller losses on average;
- ii) such tables will be provided for as many regions as the sample size will permit; it may mean that, say the North and North West would have to be aggregated; but it will permit us to show the North/South split;
- iii) each table will show, as the final column, the 1994-95 distribution of gainers and losers; this allows the 'hump' and 'dip' to be demonstrated;
- iv) a final table in this series will show the percentage change in individual bills by region in 1990-91 and 1994-95 - again important to demonstrate the scale of losses in the North.

5. Secondly there will be a short series of tables showing the pattern of household bills from 1989-90 through to 1994-95 in five representative local authorities for six types of household ie an expanded version of the tables circulated by the Chancellor yesterday. This will again allow useful comparisons between the two policy proposals.

*Ans for rough?  
Don't include  
more maps  
const. v. unconst.  
(Contact CSI)*

Cabinet Office are keen that no-one should circulate material for or at the meeting in addition to their paper and the above agreed tables. But we can of course add to the second set of tables in briefing the Chancellor as required.

7. We will provide a brief for the meeting. This will include the housing benefit issue covered in your minute, to the extent that supporting data can be found.

*Barry H. Potter*

BARRY H POTTER

England (Region)

NUMBERS OF ADULTS BY HOUSEHOLD TYPE, GAINING AND LOSING IN 1990-91 COMPARED TO 1989-90

<u>With dual-running</u>		In 1 adult household	In 2 adult household	In 3+ adult household	Total 1990-91	Total 1994-95
<u>Losers</u>	10+					
£ per week	5-10					
	2-5					
	1-2					
	0-1					
<u>Gainers</u>	0-1					
	1-2					
	2-5					
	5-10					
	10+					

Without dual-running

[ditto]

## HOUSEHOLD CATEGORIES

## New payer

1 Adult 70% r.v  
2 Adults 70% r.v  
2 Adults 100% r.v  
3 Adults 100% r.v  
2 Audlts 130% r.v

## LOCAL AUTHORITIES

St Albans	- High r.v:	gains as safety net is withdrawn and gains in 1990-91 from £75 cap
Cambridge	- High r.v:	gains as safety net is withdrawn but no gain from £75 cap
Tewksbury	- Middle r.v:	only small gain as safety net is withdrawn
Hyndburn	- Low r.v:	loses as safety net is withdrawn; low spender
Barnsley	- Low r.v:	loses as safety net is withdrawn; higher spender.