

22/8/89.

My letter has been released
as soon as the Chancellor says
starts to see with you - actually
said

HORROR



Lawson cash to cushion poll tax

By JOHN FISHER
THE Chancellor may provide extra cash to cushion the impact of the poll tax.

Nigel Lawson has promised to look again at the controversial 'safety net' proposals which have been criticised by backbench Tory MPs.

Last night the rebels were increasingly confident that his intervention would mean more money from the Treasury.

They say that in its present form, the safety net will rob prudent Conservative areas to give high-spending Labour councils time to adjust to the impact of the tax in its first four years.

Until now, Mr Lawson has insisted that the scheme must be self-financing. But in a private letter to Sir Rhodes Boyson, a former Local Government Minister, he gave an assurance that the Government is prepared to examine the case for additional Treasury cash.

The MP has been leading the backbench campaign to change the Government's mind over the

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More the crash: The Kinnocks at a hurling championship in Dublin Picture: PAT MAXWELL

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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

The Rt Hon Dr Sir Rhodes Boyson MP
House of Commons
LONDON
SW1A 0AA

22 August 1989

Mr Rhodes

Thank you for sending me a copy of your 10 July letter to Nicholas Ridley about the Community Charge Safety Net.

The Government will be giving careful thought to the points you have made.

[Handwritten signature]
[Handwritten initials]

NIGEL LAWSON

MCU

*Please could I have another
clean copy of this*

JSL Gene

*PPS
per Idone & copy
have a copy
JMS*



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt.Hon.Nicholas Ridley MP
Secretary of State
Dept.of the Environment,
2 Marsham Street,
London SW1P 3EB

10th July 1989.

I am very concerned about the dire effect on the support for our Party in next year's local elections and a subsequent General Election if the four year safety net to the community charge to be provided for heavy-spending Labour local authorities were to be financed by an additional levy on the community charge fixed in financially prudent largely Conservative local authorities.

Any such safety net must be financed entirely by new money from the Treasury. The advantage of the community charge is that local electorates have simply to carry the cost of local expenditure. To put an additional charge of up to £100 or more on each person in low spending authorities to finance the spending of extravagant local authorities will destroy all support for its introduction. Such a surcharge would be both unjust and politically indefensible.

Figures prepared by the House of Commons library and published in The Times would indicate that in at least 25 Conservative seats with majorities below (many well below) 5,500 the community charge payers would be levied such extra sums to help to finance other extravagant local authorities. I cannot think of any scheme which would be more resented by their electorates and our local and Parliamentary candidates would pay a heavy penalty in future polls.

There is no solution in juggling with the figures of the rate support grant. The answer is simple: the safety net must be financed by new money from the Treasury.

Since this matter affects the Treasury as well as your Department I am sending a copy of this letter to the Chancellor of the Exchequer.

The Rt. Hon. Dr. Sir Rhodes Boyson, MP.

cc. Chancellor of the Exchequer