

Prime Minister

Agree to make

these points?

Yes

PRIME MINISTER5 December 1986

DRN 5/12

PAYING FOR LOCAL GOVERNMENT - RESPONSE TO CONSULTATION

In his letter of 3 December, Nicholas Ridley sets out his proposals for taking forward public presentation of the Government's policy on local Government finance now that the consultation period on the Green Paper 'Paying for Local Government' has ended.

He seeks agreement on a number of minor points of detail which have not received collective approval. These look fine.

He also seeks agreement to publish a statement consisting of a brief foreword by himself and Nicholas Edwards restating the main principles of the Government's approach plus a detailed annex on the practical aspects of the Community Charge and a summary of the consultation responses.

In two respects the statement does not look quite right:

- It is incomplete. It deals only briefly with the new grant system and the uniform business rate.
- Some of the detailed practical points are still not finally worked out.

If the statement is published in this form it may give rise to the criticism that the Government has still not fully worked through its proposals. This would be hard to refute since there are still decisions to be taken on simpler needs assessments (the Chancellor will be minuting you soon about this), the length of the transitional period and whether local authorities should be able to set a discretionary business rate.

Some of the decisions on the Community Charge referred to in detail in the annex, are being reconsidered. For example, Rhodes Boyson is currently considering whether to make liability to the Community Charge for the whole year dependent on residence in an area on a particular day in the year. At present someone moving would pay part of the charge in one area and part in another.

Conclusion

The proposed statement in its present form looks incomplete and not fully worked through.

Peter Stredder

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