



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

David Norgrove Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

9 December 1986

Dear David,

PAYING FOR LOCAL GOVERNMENT - RESPONSE TO CONSULTATION

Thank you for your letter of 8 December suggesting postponement of our proposed paper about the community charge. My Secretary of State would be grateful if the Prime Minister could reconsider this matter.

When the Prime Minister met the leaders of the local authority associations on 25 November, she emphasised the Government's commitment to reform of the local government finance system in England and Wales, and the introduction of the community charge. So far as Parliament is concerned, however, although the Scottish Bill has now been introduced, the Government has yet to say formally what its intentions are in England and Wales. My Secretary of State feels that he will be open to criticism if he fails to do so in the very near future. This is a matter that is to be raised at DOE Oral Questions on 17 December.

Similarly, DOE Ministers are being pressed to say what the result of consultation has been in England and Wales. It seems to us that we cannot justifiably refuse to give this information, and the extent of support for the abolition of domestic rates is anyway helpful to the Government's case.

In my Secretary of State's view, publishing a document on how the community charge would work is critical if we are to keep up the momentum towards legislation in England and Wales. Many of those responding to the Green Paper raised questions about the new system, and tried to cast doubt on the practicality of what was being proposed. Setting out the Government's proposals in some detail puts the ball back into the doubters' court. Inevitably, the document would not be the last word on the community charge. But to a large extent it reflects the decisions that E(LF) has already taken. Most of the proposals are included in the Scottish Bill; where there are differences - for example to reflect the separate legal systems in the two countries - these need to be spelt out.

Our proposed paper deliberately says virtually nothing at this stage on non-domestic rates and on needs and standard grant. These are matters on which we will not be ready to go firm in any

detail until the current discussions on education issues have been completed. This is not necessary at present, but in my Secretary of State's view, we need to proceed quickly on the community charge if we are credibly to continue saying that we will have a Bill ready for introduction next autumn. Nothing in the proposals on education affects the community charge; and as soon as Ministers are ready to announce proposals on non-domestic rates and on grant, we propose to do so. The form and timing of that announcement cannot be decided now.

For all these reasons my Secretary of State believes that it is essential for him to make an early announcement about the Government's intentions along the lines he proposed, subject of course to resolution of the points raised on the draft by other Departmental Ministers. He would be glad to discuss this, urgently, with the Prime Minister if she still has misgivings.

I am copying this letter to the private secretaries to members of E(LF), Richard Stoate (Lord Chancellor's Office) and Trevor Woolley (Cabinet Office).

Yours,
Robin.

R U YOUNG
Private Secretary

LOCAL GOVT

RATES

PT 5

