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David Norgrove Esq
Private Secretary to
The Prime Minister
10 Downing Street
LONDON
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My ref:
Your ref:

17 November 1987

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Dear David,

COMMUNITY CHARGE TRANSITIONAL ARRANGEMENTS

As you know, a group of Ministers agreed that dual-running should only apply in England to areas where authorities have budgeted in 1987/88 to spend more than £130 per head above GRE (ie in inner London and Waltham Forest). The safety net will apply, as previously agreed, except that contributions will be limited to a maximum of £75 per adult. It was also agreed that these decisions should be announced this afternoon in answer to a written PQ.

I attach a copy of our proposed Press Notice incorporating the PQ answer. I should be grateful if any comments could reach me by 2pm today.

Copies of this letter go to the Private Secretaries to members of E(LF), Murdo Maclean in the Chief Whip's office and to Trevor Woolley in Sir Robert Armstrong's office.

Yours,
Robin.

R U YOUNG
Private Secretary

Community

Charge

Reply to HM for Perry Barr

17 November 1987

DOMESTIC RATES TO BE ABOLISHED IN MOST AREAS
OF ENGLAND IN 1990

The Government has decided to introduce the Community Charge in one go on 1 April 1990 in nearly all local authorities in England, Environment Secretary Nicholas Ridley told the House of Commons today.

In a small number of areas where spending is highest, either as a result of ILEA or the Borough or both, the Community Charge will be phased in over four years between 1990-1994.

For those high-spending areas every adult will pay a £100 Community Charge in 1990-1991 if spending is unchanged compared with the previous year. At the same time, households in those areas will pay a proportion of their rates. The proportion will decline steadily to zero over the following four years while the Community Charge will increase. For all other areas the Community Charge will be introduced fully on 1 April 1990.

As previously announced there will also be a safety net, phased out over four years, to limit the effects of the move to the new grant and business rate systems on Community Chargepayers and ratepayers. It is now proposed, however, that there will be a maximum contribution to the safety net of £75 per adult in any area.

In a written reply to a Parliamentary Question from Jeff Rooker MP (Perry Barr), Mr Ridley said:

"The Government has given careful consideration to the arrangements for introducing the Community Charge in England in 1990/91, in the light of the many representations that have been made. There are two elements: the introduction of the Community Charge and abolition of domestic rates within each area; and the phasing in of the impact of changes in grant and non-domestic rates on individual areas (safety netting).

X "We have decided that the vast majority of areas should introduce the full, safety netted Community Charge in 1990/91; domestic rates will be abolished in those areas from 31 March 1990. However, in some areas where spending is particularly high, either as a result of ILEA or the Borough or both, it would be too disruptive to introduce the new system in full in one go. That was the reason for our initial proposals for a transition. In the light of comments on these proposals we have now decided to concentrate the phasing-in on these particular areas only.

"In areas where local authorities have budgeted to spend more than £130 per head above their Grant Related Expenditure assessments in 1987/88, we propose that the Community Charge should therefore be introduced only partially in 1990/91 at £100 (assuming unchanged spending). Domestic rates there will be phased out and the full Community Charge phased in between 1990/91 and 1994/95. On this basis the phasing-in would only apply throughout inner London and in the London Borough of Waltham Forest.

"The "safety net", which we have already announced will enable the effect on domestic taxpayers of changes in the grant and non-domestic rate arrangements to come through gradually. In 1990/91 the safety net will ensure that there is no change in the distribution of grant and non-domestic rates between areas, except that we now propose that contributions will be limited to a maximum of £75 per adult in any area. This will slightly reduce the extent to which areas are able to gain from the safety net. The safety net will be phased out in equal steps between 1991/92 and 1994/95.

"I have today placed in the Library table illustrating the impact of these proposals on each local authority area, on the basis of 1987/88 spending."

"I have today placed in the library a list illustrating the
number of these proposals on each local authority area on the
basis of 1987/88 spending."

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