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My ref:

Your ref:

Paul Gray Esq  
Private Secretary to  
The Prime Minister  
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13 April 1988

Dear Paul

#### COMMUNITY CHARGE REBATES

Your letter of 11 April (not copied to all) set out the conclusions of a meeting held by the Prime Minister that afternoon at which Mr Mates' amendment to the Local Government Finance Bill was discussed, and it was agreed that an appropriate response would be a reduction in the slope of the community charge rebate taper.

Since that meeting DOE and Treasury officials have discussed further the cost of such a change and the options have been considered with the Chief Secretary; and the Department of Health and Social Security, the Scottish Office and the Welsh Office have been brought into the discussions. I am now writing to confirm the proposal that my Secretary of State, with the agreement of the Chief Secretary, wishes to make orally at Cabinet tomorrow.

My Secretary of State proposes that the community charge rebate taper should be 15p in the £, as compared with the 20p rate rebate taper which is in force in 1988/89. The reduced taper would come into effect in the year of introduction of the community charge - that is 1989/90 in Scotland and 1990/91 in England and Wales. The cost, in a full year, is estimated at £115 million to £130 million (GB figures at 1988/89 prices). This estimate is sensitive to assumptions about take up and the size of the community charge.

My Secretary of State agrees that the cost of reducing the taper from 20p to 15p should in this particular case be offset in the levels of Government grant to local authorities in the three countries in the relevant years. This means that a small amount will be added to all community charge bills to finance these additional rebates for the less well-off as agreed at the meeting. Obviously, however, the details of the figuring cannot be resolved now, as the relevant grant totals have not yet been set.

In announcing what is proposed in the debate on Monday, my Secretary of State will explain that the effect of reducing the taper will be to extend the rebate system further up the income scale, so that about an additional 1 million community charge payers receive rebates who would not have done so with a 20p taper. Many of these are individuals who would have been helped by the Mates 50% band. So the Government has secured much of what the Mates amendment was seeking to achieve, but by a simpler and more appropriate route.

My Secretary of State agrees that it is essential that no indication of a possibility of a change should be given before the meeting with backbenchers tomorrow evening; and that precise details should not be given before the debate next Monday.

I am copying this letter to Alex Allan (Chancellor of the Exchequer's Office), Jill Rutter (Chief Secretary's Office), Alison Smith (Lord President's Office), Murdo Maclean (Chief Whip's Office), Geoffrey Podger (DHSS), David Crawley (Scottish Office), and Jon Shortridge (Welsh Office).

*Yours sincerely*  
*Roger Bright*

R BRIGHT  
Private Secretary

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PT10.

