

SEP.V



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My ref:

Your ref:

The Rt Hon John Major MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

Prime Minister  
Contact with the  
proposed format for  
community charge  
bills?

// November 1988

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L.S. M.

Dear Chief Secretary

THE COMMUNITY CHARGE BILL

I am writing to seek colleagues' agreement to proposals on the content of the community charge bill which will be sent to chargepayers in England.

The community charge bill is the one piece of paper that all chargepayers will read. We want chargepayers to be able to see from their bill whether their councils are high or low spending.

We have power to make regulations insisting that bills contain prescribed matters and that they should be accompanied by prescribed information. I propose to use those powers to ensure that the bills give details of authorities' proposed spending for the financial year and a comparison with the amounts if councils and other precepting bodies included on the bill were spending at need. I also propose to ensure that councils are not allowed to include any information on the bill other than that we prescribe.

In formulating these proposals I have sought to ensure that the message is not obscured by the inclusion of any more details than are strictly necessary.

In terms  
which  
people  
can  
understand

Because it is important that chargepayers should be fully aware of the total contribution made by national taxpayers to local spending, I propose that the bill should include all grants, including specific grants. They will need to be reflected in the expenditure and needs assessments as well as the grant figure itself.

Prun

If the bill is to show how the actual community charge is arrived at it will also have to show contributions to or from the community charge safety net. For a limited number of years this will mean showing on the face of the bill that not all councils are in a position to levy the same charge. If we do not show the effect of the safety net, the bill will simply not add up. If, on the other hand, we were to seek to include it in, or subtract it from, the grant figure, there would be protests from contributing





authorities, who would appear to have higher community charges for no apparent reason. Such an approach would also appear as a crude attempt to hide the effect of the safety net, the existence of which is a matter of public knowledge. The safety net will have a limited life, and the information accompanying the bill will explain clearly what it is and why it is necessary.

If the figures are to add up it will also be necessary to contain a balancing entry to account for losses on collection, under-registration, etc. This will give chargepayers some indication of their council's efficiency in registering their population and collecting the charge. We are still considering the question of the "relevant population" for the purposes of grant calculation, precepts on the collection fund and payments from the national non-domestic rate pool, and I shall be writing with my proposals in due course.

The bill will need to show separately the contribution made by business rates. The business community will want the amount they contribute to local spending to be clearly identifiable.

I enclose an illustration of a community charge bill showing all these points. I am being pressed by the local authority associations to say what the form of the bill will be. I should be grateful therefore for your agreement by 25 November to my consulting the associations on the basis that the form of the bill, on the lines enclosed, will be prescribed in regulations.

I am copying this letter to the Prime Minister, members of E(LF) and to Sir Robin Butler.

Yours sincerely,  
R. Ridley

Rf NICHOLAS RIDLEY

(approved by the Secretary of State  
and signed in his absence)

EXAMPLE OF A COMMUNITY CHARGE BILL FOR A SHIRE DISTRICT

(Introductory details of amount of charge, how to pay, details of any rebate, information on how to get rebate etc.)

HOW YOUR BILL IS MADE UP

The community charge pays for spending by County Councils, District Councils and Parish Councils. Some of this spending is also paid for by Government grants and rates paid by businesses. If these councils were providing a standard level of services your community charge would be £ (£ after rebate) before adjustment to reflect transitional contributions to or from other councils. The way the community charge is worked out is shown below.

(£ per head)

	YOUR BILL	THE READY RECKONER
	Amount needed by your councils to pay for the spending they propose	Amount needed to pay for the standard level of service
County name		
District name		
Parish name		
<b>TOTAL</b>		
LESS		
Government grants		
Business rates		
<b>TOTAL</b>		
PLUS/LESS		
Contributions to or from safety net (see notes)		
<b>TOTAL</b>		
PLUS		
Adjustment (see notes)		
<b>COMMUNITY CHARGE</b>		





Local  
Govt  
Rents  
PMT