



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-276 3000

My ref:

Your ref:

9 October 1989

CONFIDENTIAL

*Dear Paul*

COMMUNITY CHARGE TRANSITIONAL RELIEF

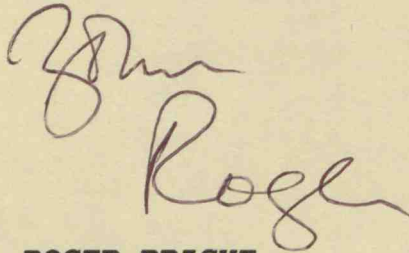
As agreed by Cabinet last week we are now gearing up to announce these proposals on Wednesday. Mr Hunt will be including a suitable passage in his speech at the Conference on Wednesday evening - a copy of his draft speech is being circulated separately.

2. Simultaneously Lord Hesketh will be making an official Government statement of the proposals in the House of Lords. I attach a draft of his statement and would be very grateful if we could have any comments on this from you or copy recipients by lunch-time on Tuesday.

3. I also attach a copy of the more detailed document setting out our proposals which will be placed in the Library of the House and sent to all local authorities on Wednesday.

4. My Secretary of State and Mr Hunt would have liked to include a reference to the total amount of additional money which the Exchequer will be making available for the area safety net and the transitional relief over the next three years, which amounts to some £1.2 bn over the period. They understand however that the Chancellor would prefer to avoid publicising this total figure, and they have therefore taken out the reference to it in the draft statement. They feel however that it may become necessary to mention the total in the course of answering questions.

5. I am copying this letter to Steve Catling, John Gieve, Carys Evans, Robert Cannif, Jim Gallagher, Stephen Williams, Gillian Kirton, Murdo MacLean, Douglas Slater and Trevor Woolley.

A handwritten signature in cursive script, appearing to read 'Roger Bright', written in dark ink.

ROGER BRIGHT  
Private Secretary

P R Gray Esq  
Prime Minister's Office  
No 10 Downing Street  
London  
SW1A 2AA

DRAFT PARTY CONFERENCE SPEECH

FOR MR HUNT

It is an exciting time to have become Local Government Minister. In less than six months time, the complicated, unfair and hated domestic rating system will be gone - for ever and for good.

Very soon we will have a simple, clear and fair way of determining local bills for local services - the Community Charge.

For the first time, voters will receive a simply set out bill that won't be affected by the size of their house but will be linked directly to the level of spending of their local council.

For the first time, we won't be asking single pensioners, one parent families and widows to pay the same as a whole household full of adult wage-earners next door.

And for the very first time, we won't be expecting only half the electorate to pay the bills for spending which the whole electorate can vote for. At last, virtually everyone who can vote in a local election will know that each one of them will pay the price for waste, inefficiency and incompetence.

Let me announce today another first for the Community Charge. The new system, unlike rates, will not require those diagnosed as suffering from Alzheimer's disease - or senile dementia - to pay towards the cost of providing local services. It is typical of Labour that they never complained during all the years that these people have had to pay rates. It's yet another example of the way that the Community Charge is a fairer system than Labour could even dream of.

Conservative councillors up and down the land have been doing a first rate job for years. They've delivered excellent value for money to the rate payer and have provided a superb level of service.

In many parts of the country, that's already enough to guarantee election and re-election - as we saw only two weeks ago in Wandsworth when hard work and strong Conservative policies resolutely carried out won a clear endorsement from the electorate. It was a magnificent victory for an excellent candidate and a superb council.

That victory demonstrated an important truth - opinion polls may be one thing, but when confronted with the actual prospect of putting Labour into power, voters will simply not do it.

But all too often our councillors have been unfairly robbed of their reward. Rate payers who prize a low bill have sometimes been outvoted by those who have paid no rate bill at all. And, yes, under the capricious unfairness of the rating system, Government grant sometimes went to the most profligate, not to the most deserving.

All that is about to stop - and not before time.

Under the new system, Conservative councillors and council candidates will have the instrument they need and deserve - an iron link between the bills their voters pay and the amount their Council spends. Socialist waste will no longer be somebody else's problem; Conservative efficiency will no longer be somebody else's gain.

Every Conservative candidate will be able to say on every voter's doorstep "I can save you money". And that means that every council in the country will be a potential Conservative council.

So I want to pay a tribute to those Conservative councillors who have struggled for so long and so valiantly against a system of paying for local government which was rigged against the Conservative virtues of value for money and competence. And I can give you this pledge: from next April, the system will work for you, not against you.

My message to each and every one of you who are in opposition, however big the Socialist majority you may face, is this: Fear not. Our day is coming.

There are of course some very dishonest myths about the Community Charge being peddled by the Labour Party.

One is that the rich and the poor will pay the same for local services. That's like saying the millionaire and the pauper each pay the same for the upkeep of Britain's transport system because they both pay the same bus fare. In both cases, it's the national taxpayer, as he should, who pays the lion's share.

And Labour always conveniently forget that one in four people will pay reduced levels of Community Charge anyway, under a rebates scheme which is more generous than that for rates.

I can also safely predict that Labour will not mention the recent survey by the independent Policy Studies Institute which revealed that a full 25 per cent of the poor are paying less under the Community Charge than they did under rates.

Another Labour lie is to claim that the introduction of the Community Charge will be blocked by non-payment campaigns.

In fact, they're so desperate to block the introduction of the Charge that they've associated themselves with active campaigns to encourage law-breaking and civil disobedience.

In Lambeth, the local 'Lambeth Against the Poll Tax' campaign urges people to tell officials "your dog ate the form; it fell in the washing up or you never received a form .... Any excuse will do."

This campaign operates from the address of the local Labour Party. And, amazingly enough, almost exactly the same advice is used in a leaflet produced by the Haringey North Labour Party.

A leaflet put out by the Labour Party in Birmingham complete with obligatory red rose, says "Public resistance can succeed in making the registration officer's job impossible" and says "Every single citizen who resists puts a nail in the coffin of the Poll Tax, even if some people are conned or frightened into giving information".

And another leaflet claims that "we'll be calling at your house and asking you to bin your uncompleted registration form" and adds "We have special bins for this, look for the red buckets". And guess who uses the address printed on this leaflet for his constituency surgeries? None other than that great upholder of law and order, the Shadow Home Secretary himself, Mr Roy Hattersley.

That sort of deliberate incitement of dishonesty and downright law breaking would be unacceptable from a minor lunatic fringe. Coming from Her Majesty's Opposition it is nothing short of appalling and a national disgrace. It is long past time for Mr Kinnock to clean up Labour's act.

Some in the Labour Party have pointed to the news that a small minority in Scotland have yet to pay their Community Charge

as if it were a vindication of their anti-Parliamentary campaign to overthrow the law of the land.

"But it's nothing of the kind. There are many reasons why people don't pay until the pressure is applied, and I reckon that these percentages will come tumbling down in the near future." That's not my verdict, but that of Brian Wilson, Labour MP for Cunninghame North - and, for once, I'm happy to agree with him.

The fact is that whatever Labour claim or do the Community Charge is on course for successful introduction throughout England and Wales next year.

The real question is, why are Labour so terrified of it?

The answer is given clearly in the motion. The Community Charge will strip Labour Councils of all their last threadbare excuses for profligacy, lunacy and downright irresponsibility. They're going to have to face their electorates directly, without the confusing mish-mash of the rates to protect them, and explain every penny they spend.

Last year the Labour Coordinating Committee, an important pressure group within the Labour Party, described the Community Charge as "a straightforward attempt to create the conditions for local taxpayers' revolt against council spending plans ... Ordinary local people .... will want to know that increased expenditure is well spent". No wonder Labour hate the Community Charge!

To understand just how scared of proper accountability socialist councillors should be, let me take you for a brief trip into loony Labour land.

It goes without saying that the first thing you notice are the piles of rotting, uncollected rubbish. In Camden you can

hardly walk across the street in some places because of the piles of neglected black rubbish bags.

If you're in Coventry, you could pop in to see the local marvel. John Major might think he runs Britain's foreign policy, but apparently not in Coventry. The Labour Council there is spending £200,000 a year on its very own International Relations department - which specialises in Nicaragua and Eastern Europe of course.

In Lambeth you could look into the local job centre, but I'm afraid you can't be a lifesaver unless you're disabled, and you can't head the police complaints unit unless you're black. Oh, and I do hope you don't feel peckish while you're there because in Lambeth ploughman's lunches are absolutely banned - you've guessed it, plough person's lunches only.

Finally, even if you look up into the sky there's no escape from Labour's lunacy. What's that up there? Is it a bird? Is it a plane? No, it's the local lesbians having their free flying lessons - courtesy of the Camden ratepayer!

But it isn't just that rates encourage Labour to waste money in these extraordinary ways. The absence of proper political and financial accountability within local government aids and abets the arrogance of the local government trade unions.

Take, for example, this bulletin from Leeds NALGO, issued after NALGO's series of pay strikes this summer. Those strikes, you may recall, hit old people's homes, libraries and home help services. But it's perhaps not surprising that NALGO should boast that "This campaign has shown NALGO's strength and brought out the best in many people".



After all, you might think, if you're a conscientious public servant and don't like NALGO's tactics you can always work anyway or, if necessary, resign from the union.

But I'm afraid you're wrong. The leaflet says "disciplinary action" will be taken against those who worked during the strikes and adds, chillingly, "we need names and details before we can start".

You can't even escape by leaving the union. The bulletin declares in ringing tones worthy of Joseph Stalin, "We have refused to accept the resignations of those who resigned because of the strike action and will subject them to the disciplinary process".

The Community Charge will put a stop to this abuse of local power by overbearing union barons and hard left socialist extremists alike.

That's why Labour hate the Community Charge so much that they don't even dare to call it by its proper name.

This also explains Labour's desperate search for a means of paying for local services which is even more unfair, complex and anti-democratic than the present system of domestic rates. To be quite honest, I would have bet they couldn't do it.

Well, I would have lost my bet. They have come up with a system even worse than rates.

The party that loves taxes wants two taxes to replace one, a twin tax torture for local people and a double disaster for responsible spending.

Last week at their party conference they were so terrified of the implications of this idea that the leadership begged the

membership not to ask them to provide details. Even some Labour delegates described the plan as a bureaucratic nightmare - and you can imagine that what a socialist calls bureaucratic ordinary people would call downright oppressive.

The party that is always trumpeting its affection for pensioners wants a system of capital value rates that would make pensioners fork out more and more as local property prices rose, even if those pensioners gained no financial benefit from the higher value of their house.

And the party that's always bleating about democracy wants a system that would leave millions paying no local bills at all for local services, while the rest would pay a bill that would not be directly linked to the size of local spending.

In fact, Labour are on to such a loser with this idea that even Mr Kinnock, not exactly renowned for having his finger on the pulse of the nation, admitted it needed "sophisticating". I looked that word up in my dictionary - it means, and I quote, "to deprive of simplicity or naturalness; adulterate; corrupt; confuse by sophistic arguments".

Yes, that sounds about the right description of their latest idea - to call it one tax with two elements. In other words, still two taxes. To misquote the old Dad's Army song, "who do you think you are kidding, Mr Kinnock?"

Labour's desperate tactics won't work.

I give Labour this warning - and you this promise. The Community Charge will be introduced come what may.

From next spring we will at last have a sensible way to pay for our local government.

And I want to pay a tribute to everyone in this hall for that fact. For we have not only had an excellent debate today - we have consistently had the highest quality local government debates of any British political party over the years. And these debates have shaped our party's policy.

For as many years as I can remember, this Conference has demanded an end to the rates. We in Government listened. And next April they will go.

Two years ago, this Conference demanded that there be no dual-running of the Charge with rates. We listened. And next year the Community Charge will replace the rates immediately and totally.

And last year, many of you told us you were unhappy about the safety net. That's the progressive removal of one of the deepest and longest lasting unfairnesses of rates, the system which has required for decades that areas of high rateable value should subsidise areas of low rateable value.

We always intended to remove that burden. The Community Charge indeed is the only system that could remove it. And the safety net was the means to do so with the minimum of disruption. But we listened again.

In July, we announced that up to half the contributions to that unfair subsidy will be abolished straight away in April.

We now believe that we should do even more.

I am therefore delighted to be able to tell the Conference that after the first year there will be not a single penny in contributions to the safety net to be paid by any local authority in the country.

From 1991 onwards the whole burden of the safety net will be borne by the Exchequer. That will mean a total reduction in the amount that contributors to the safety net would otherwise have had to pay over the following three years of £685 million.

I know that some would have liked us to abolish contributions to the safety net in the first year also. But I also know that many who have objected to the safety net on principle have said that they would not mind if they felt that the money was going directly to those who, through no fault of their own, will be adversely affected by the change to the Community Charge.

At a time when restrictions on public expenditure are known to be tight, we have therefore decided to concentrate any extra help next year on those people who would otherwise be most adversely affected by the changeover.

We all know that the Community Charge will represent a much fairer and better way of paying for local government, and that over half of all households will be better off under the new system. Furthermore, there will be a very generous rebate system for the Community Charge, for which the Government will be making available around (2 and a half) billion pounds in total next year.

But the transition to a new system is bound to mean that some households and individuals lose while others gain.

We have therefore thought it right to provide two further pieces of transitional protection.

First, there will be an additional £100 million of Exchequer grant which will be worth up to £25 per adult to local authorities where the average domestic rateable value is £150 or less. This will help to cushion the impact of the Community Charge for communities with exceptionally low rate bills.

Secondly, I can announce today that we intend to set up a scheme of Government Transitional Relief which will ensure that, assuming a sensible level of local spending, no ratepayer, partner of a ratepayer, pensioner or disabled person anywhere in the country will be more than £3 a week worse off when the Community Charge is introduced - whatever their income.

If, of course, the local authority decides to spend above Government guidelines it is right that the full amount of the excess should fall to be met by the local chargepayer but if the Government guidelines are met, we will put a firm cap on the maximum loss those people I have mentioned may face as a result of the introduction of the Charge itself.

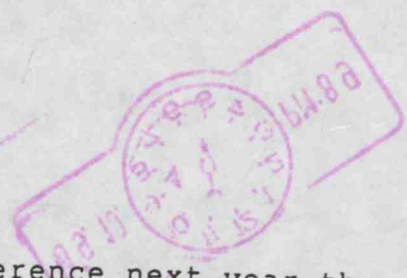
We estimate that this Government Transitional Relief scheme will represent an additional £300 million of relief next year on top of the large sums I have already listed.

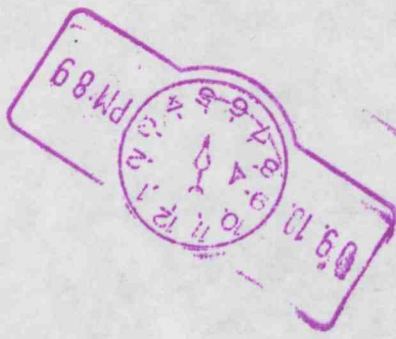
Local authorities will operate this scheme, and will be reimbursed for the cost of relief by the Exchequer. I will discuss the details of the scheme with local authority representatives as soon as I can.

There now can be no doubt. The Community Charge will be by far the fairest option on offer to pay for local government. By restoring proper democratic accountability we will kick away the pit prop that's holding up the whole rickety edifice of Labour's council power base.

We can now go out and win on the Community Charge throughout the country.

By the time we meet again at this Conference next year the new Conservative era in local government across Britain will have begun.





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Draft of 9 October 1989

DRAFT STATEMENT IN THE HOUSE OF LORDS

LOCAL GOVERNMENT FINANCE

1. The introduction of the community charge is one of the major reforms of this Parliament. It is going to sweep away the discredited domestic rating system and establish a new, fairer and more accountable basis for paying for local government services.
2. Most local authorities in England are well advanced in preparing for implementation of the community charge, and the Government are confident that it will come successfully into operation on 1 April 1990.
3. Provisional details of the 1990/91 revenue support grant settlement for England were announced by my Rt Hon Friend the Secretary of State for Environment on 19 July. Under these proposals the aggregate amount of support from Government grants and business rates will be £23.1bn in all. This is £1.8bn more than in the present year - an increase of 8.5%. Given this generous amount of support, the average community charge in England if authorities collectively spend in line with the Government's plans will be about £275; this is broadly in line with the average rate bill per adult for the country this year.
4. Nevertheless the structural change from domestic rates to the community charge will mean that some areas would face significant changes in the amount to be raised from their residents. It is for this reason that we have proposed a transitional safety net to protect these areas. The adjustments to grant will mean that if authorities spend in line with the Government's plans no area will need to raise in real terms more than an extra £25 per adult from the domestic sector.

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5. The Government understands the concern which some have expressed about the arrangements for the safety net whereby chargepayers in gaining areas contribute up to £75 to ease the losses for losing areas. But those contributions all come from areas that are gaining substantial amounts of additional Exchequer support from the change to the community charge. Some areas will be gaining up to £200 a head from the change. I do not think it unreasonable therefore for a proportion of the overall gain to be contributed in the first year towards alleviating losses elsewhere. Every gaining area will still retain about half of its gains in the first year which should lead to significant reductions in the average burden on the domestic sector in those areas.

6. We are today announcing the safety net arrangements for later years. The Government now proposes that in 1991/92 and subsequent years there should be no direct contributions from gaining areas. The cost of the safety net will instead be met directly and in full by the Exchequer by means of a specific grant paid direct to losing authorities. This will mean that the remaining half of the prospective gains will flow through to gaining areas in 1991/92.

7. The cost to the Exchequer of paying for the safety net in 1991/92 is estimated to be about £400m, with a further £200m in 1992/93 and a final payment of just under £100m in 1993/94.

8. In the new system community charge benefits, which will provide rebates of up to 80% of the community charge, will be available for those who are on low incomes. In 1990/91 the Government's plans has already made available about £2 billion in Great Britain as a whole for this purpose and an additional £½ billion income support - £2½ billion in all. Additionally, certain groups of people who cannot be expected to pay the charge will be exempt, and I am today able to announced that we are extending the exemption for people who are severely mentally impaired so that it will include people who suffer from

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degenerative conditions such as Alzheimer's disease. There have been practical difficulties up to now which prevented our doing so; but we believe that we have overcome those difficulties, and the necessary regulations will be made as soon as possible.

9. Under the community charge system more than half of households will be better off than they would have been under the present system. However there will inevitably be individuals or households who will face significant increases from the changeover to the community charge.

10. In the light of this concern the Government propose to seek enabling powers to set up a transitional scheme of relief by means of amendments to the Local Government and Housing Bill. Full details will be set out in a statutory scheme, subject to approval by Parliament, which my Rt Hon Friend intends to lay before Parliament early in the new session.

11. This scheme of transitional relief for individuals and households will be primarily designed to assist former ratepayers whose community charges for a defined level of spending would otherwise be substantially higher than their previous rate bills. It will also provide help to pensioners and disabled persons who have not previously paid rates.

12. I am depositing in the Library a document setting out full details of the proposals, copies of which are being sent to the local authority associations, individual authorities and other interested groups.

13. The basis of the scheme will be to provide relief to ensure that one or two adult households need pay in community charges no more than £3 a week extra over their 1989/90 rate bills provided that authorities spend in line with the Government's plans. For households with more than two adults the scheme will not take account of more than two community charges.

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For pensioners and disabled people who have not previously paid rates the amount of relief will be the difference between their community charge bill and the threshold of £3 per week.

14. I should make clear that it is not the Government's intention that this scheme of relief should apply to whatever community charge authorities set. It will be based on the assumption that they spend in line with the Government's spending plans for local authorities as announced on 19 July. This means that if an authority chooses to spend more than the Government's plans the full amount of the excess will fall to be met by chargepayers.

15. The Government is asking local authorities to undertake the operation of the scheme. The Government fully recognise that this will be a substantial extra task for them to undertake at a time when they are already busy preparing for the introduction of the community charge next April. We will be discussing operational aspects of the scheme with authorities urgently and making arrangements to meet in full a reasonable level of administrative costs.

16. We estimate that about £300 million in relief will be distributed in 1990/91 in England. Transitional relief will be phased out over a three year period. My Rt Hon Friends the Secretaries of State for Scotland and for Wales will make announcements separately about arrangements in Scotland and Wales. I should remind your Lordships that this relief is in addition to the £23.1bn in Government grants and business contributions to local services; and the £2½ billion in community charge benefits and associated income support which I have already mentioned.

17. My Lords, the introduction of the community charge will redistribute the burden of paying for local authority services significantly from the present class of domestic ratepayers, to the broader base of community chargepayers. The Government believe and Parliament has accepted that this uniform basis of

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paying for local services (with community charge benefit to help poorer people) will prove to be much fairer and more stable once the system is fully in operation. The changeover will however have a significant immediate effect on some individuals. The proposals I have announced today on the safety net in future years and on transitional relief will ensure that the changeover is kept to manageable proportions for those affected and that the community charge can be phased in smoothly.

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DRAFT OF 9 OCTOBER

**THE COMMUNITY CHARGE**

**THE GOVERNMENT'S PROPOSALS FOR TRANSITIONAL RELIEF**

1. This paper sets out the details of a scheme to help former ratepayers, pensioners and disabled persons to pay the community charge during a transitional period.
2. The scheme will be operated under legislative provisions to be included in the Local Government and Housing Bill which is now being considered by the House of Lords; and the details will be set out in regulations which will be laid before Parliament later in the autumn.
3. The assistance will be given by way of a reduction in individual liability to pay the personal community charge and the local authorities will be required to calculate community charge bills taking into account entitlement to relief under the scheme. It is intended that so far as possible qualifying individuals should receive next April community charge bills which take into account entitlement to relief under the scheme, as well entitlement to community charge benefits. Relief under the scheme will be phased out over a period of [three] years.
4. The effect of the scheme will be to reduce the community charge income of charging authorities by the amount of the relief given. The Government proposes to pay charging authorities a specific grant in 1990/91 and subsequent years, to compensate them for the income forgone and to meet the reasonable administrative costs of setting up and operating the scheme.
5. The transitional relief will be in addition to the transitional help being given [over a four-year period] to community charge payers in certain local authority areas by way of the area safety net arrangements. The area safety net is intended to ensure that, if local authorities increase the

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spending in line with the assumptions made by the Government in deciding the annual grant settlement, in each local authority area total income from chargepayers (and therefore the community charge) is no greater in real terms than £25 per adult more than income per adult from domestic rates in the last year of the domestic rating system (1989/90). Though the safety net smooths sharp year on year changes in the income of authorities from their residents as a whole, some individual chargepayers may nevertheless face large increases year on year as a result of the change to the new system.

6. The scheme of transitional relief aims so far as possible to avoid the need for individual applications for relief, and to permit standardised calculations which can be made in advance without reference to the putative recipient or the need to establish or give evidence of, for example, the actual sums paid by each household by way of rates in 1989/90.

The terms of the relief

7. Relief will be given as a matter of course where properties formerly subject to domestic rates are occupied by one or two people (since in almost all circumstances such people bear individually or jointly the existing rate burden on their properties).

8. In the case of properties occupied by one or two people, in the first year (1990/91) relief will be given on the basis of a comparison between the rate bill which would have been payable in respect of the domestic property concerned in 1989/90 and the community charges (as defined in paragraph 9 below) which would be payable by those living in that property in 1990/91. The relevant rate bill for 1989/90 will be calculated in the usual way, by multiplying the rateable value of the hereditament in the list on [date of issue of this paper] (for the treatment of

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changes in rateable value, and of dwellings first entered in the list after that date see Annex B) by the relevant rate poundage for 1989/90. The comparable liability to community charges (see paragraph 9) of those in the authority's community charges register living at addresses corresponding to that of the hereditament concerned on the following basis:-

for hereditaments/properties occupied by one person: the personal community charge payable in the area concerned (see paragraph 8 below for a more detailed definition).

for hereditaments/properties occupied by two or more persons: twice the personal community charge payable in the area concerned.

If the total of community charges thus calculated exceeds the corresponding rate bill for 1989/90 by a sum of the more than £3 per week, the individual or couple would be relieved of liability to pay the excess amount, the relief being shared (in the case of properties occupied by two people) equally between the chargepayers. In addition, in the case of pensioners and disabled persons who formerly made no contribution to the payment of rate bills, it will be open to them to apply to the local authority for additional relief to reduce their community charge payments to no more than £3 a week (£156 a year). Examples of the calculations in typical cases are given at Annex A.

9. Relief will be given on similar lines to former ratepayers, pensioners and disabled persons living in properties occupied by three or more persons. The detailed rules on which entitlement to relief will be decided are being finalised and will be announced as soon as possible.

#### Definitional points

10. It will not be necessary for the chargepayers to have lived at the hereditament/property throughout 1989/90: it will

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suffice that they should be entered in the charging authority's community charges register for 31 March 1990 as living at that address.

11. Proposals on detailed points relating to the rateable value to be used in the calculation are set out in Annex B (eg, on the treatment of mixed and exempt hereditaments).

12. The scheme will not protect chargepayers against unnecessary increases in spending by their authorities. The level of community charge for the purpose of calculating eligibility for relief will be the charge for the area if, taken together, authorities spend in line with Total Standard Spending. This allows an increase in gross spending by 3.8% compared with 1989/90 budgets, after adjusting for changes in local authority functions. If the charges are lower than that, relief for chargepayers will be calculated on the actual charges levied by authorities. If the charges are higher, the chargepayer will have to bear the excess in full, thereby ensuring that authorities will be properly accountable to their chargepayers in respect of their spending decisions.

13. For the purposes of the scheme, pensioners will be defined as those people who are of pensionable age on 1 April 1990. Disabled persons will be defined as people in receipt of any Department of Social Security disability benefit and persons registered as being blind.

14. Persons exempt from the community charge would be disregarded in calculating the entitlement to relief of the other persons living at an address. For the purpose of calculating entitlement to relief, students (who pay only 20% of the community charge) would be treated as being liable to pay the full community charge, but would be entitled to only 20% of any relief which the calculations suggested they should receive.

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Relationship with community charge rebates

15. Entitlement to relief will be calculated on the basis of the full community charges liability (as defined above) of those occupying the hereditament/property, ie entitlement to community charge benefit under the Social Security Act 1986 as amended by s. 135 and Schedule 10 to the Local Government Finance Act 1988 will be calculated on the basis of the community charge payable by the individual (or couple) after relief under this scheme has been given.

16. The aim should be, wherever possible to issue charge bills next April which reflect entitlement to relief and rebates.

Entitlement to relief where circumstances change after the initial calculation

17. If any individual entitled to relief moves from a property, or dies, during the transitional period, the community charge liability after relief of the remaining individuals living at that property will continue on the same basis as originally calculated (subject of course to any changes in entitlement to community charge benefit resulting from a change in their financial circumstances). Similarly if the number of people living at a property increases, the relief entitlement of the people already living at the property will be unaffected. In particular, those becoming 18, or ceasing to be exempt from the community charge, on or after 1 April 1990 will not be entitled to relief. Entitled persons who move on or after 1 April 1990 will no longer be entitled to relief and will have to pay the full community charge at their new address (subject to any entitlement to community charge benefit that may arise). For this purpose any change of residence (whether within or outside the area of a local authority) which gives rise to a new community charge, as defined in the community charge legislation, will be counted as a move.

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18. Relief will be paid only to those households which occupy former domestic rateable hereditaments at the qualifying date, ie those occupying domestic properties completed after the qualifying date will be liable to the full community charge at that address, unless they are otherwise entitled to community charge benefit.

Transitional relief in later years

19. The scheme of transitional relief will operate during the first three years of the community charge system ie from 1990/91 to 1992/93. In the second year, 1991/92, the amount of cash relief to which an individual will be entitled will be the same in cash terms as that to which he or she will be entitled in 1990/91. In the third year, 1992/93, £50 of that cash sum will be withdrawn. There will be no transitional relief from 1993/94 onwards.

Costs to local authorities

20. Details of the cost of the scheme will be available following discussions with the local authorities and publication early in November of the draft reports setting out the Standard Spending Grant settlement for 1990/91. The Department's preliminary estimate that expenditure on the scheme of transitional relief in 1990/91 will be up to £300 million.

21. The Department proposes to reimburse local authorities for the income forgone as a result of giving relief by a new specific grant under [clause 135] of the Local Government and Housing Bill. The necessary amendments will be tabled for consideration at the Report stage in the House of Lords. The grant will be paid only when the individual entitled to relief under the scheme has paid his or her community charge.

22. The Department will be discussing the cost of administering the scheme with the local authorities and their associations.

23. Grant claims will require certification by the authority's auditor in the usual way.

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Appeals

24. There may be circumstances in which a community charge payer has a complaint about the operation of the scheme, for example, about assignment of an individual on the community charges register to a particular hereditament, failure to award relief, or supposed miscalculation of relief. It is proposed that as for community charge benefits such matters should be considered by a review board established by the local authority.

Comments

25. Comments on these proposals should be sent to Alex Galloway, Department of the Environment, Room N6/ , 2 Marsham Street, London SW1P , if possible by 24 October 1989.

26. [Usual form of words about placing of comments in the Library of the House.]

Local Government Finance Policy Directorate  
Department of the Environment  
[12 October 1989]

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