



Mr. Tynan

X reflects the approach we and
Cabinet Office have been using on DOE.
Is the Prime Minister content, subject to
any Treasury comments, for DOE now to
consult local authorities as proposed?

The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1P 3AG

(DOE will be writing separately ~~at~~ about
the phasing-out of the transitional relief).

2 MARSHAM STREET
LONDON SW1P 3EB
01-276 3000

My ref:

Your ref:

17 October 1989

REC6
17/10

Dear Chief Secretary

THE COMMUNITY CHARGE: TRANSITIONAL RELIEF IN RESPECT OF LARGER PROPERTIES

You will know that the detailed paper which we issued on 11 October about the operation of transitional relief from the community charge promised a further paper on the details of the relief to be given to those occupying larger properties. We need to issue the further paper as soon as we can.

X We had to promise the further paper because of the difficulty of identifying a reasonably simple way of applying the agreed policy to properties occupied by three or more people. The enclosed draft of the paper has been drawn up following discussions with your officials and Cabinet Office. It proposes that in no case should relief be given in respect of more than two community charges (except where there are additional pensioners or disabled people in the property) but seeks to avoid the need for applications, which would be administratively burdensome, by suggesting that entitlement to relief should be calculated in the same way as for properties occupied by two people. The occupants of the property would then be asked to nominate the two people whose community charges would be relieved.

Comparatively few occupants of larger properties will be entitled to relief on this basis. We estimate that about 170,000 properties and 340,000 individuals will fall into this category, and that the relief to which they will be entitled will be about £7 million in 1990/91 (see the attached table for more details). (Some 5 million individuals living in properties occupied by three or more people would not qualify for relief and would be bearing community charge bills in most cases considerably in excess of £3 a week.) The small

number of people occupying larger properties who would get relief is partly because there are only limited numbers of larger properties and partly because by virtue of their size those larger properties will tend to have rate bills larger than two community charges. This will have the effect of excluding the occupants from qualifying for relief under the scheme. In consequence, the task of seeking nominations from the occupants of qualifying properties should not be too onerous for authorities, and is likely to be preferable to the burden of verifying entitlement under an applications scheme which would need to work by reference to a more or less elaborate set of statutory rules.

We should note that a scheme of relief for the occupants of larger properties on these lines will mean that there will be some people who will consider that they paid, or contributed towards the payment of, rates but who will not receive relief. Typical of such people will be tenants of resident landlords, where there is more than one tenant in the property concerned. We must expect that such people, though comparatively few, will be held up as examples of the unfairness of the scheme we have devised.

It may also be asked whether properties giving rise to the collective community charge ought to be included. We do not think so because again the relationship between the rate bill and two community charges is unlikely to result in relief, because of the administrative difficulty, and because the collective charge is only likely to apply to buildings with a transient population who would fall out of relief very quickly.

My officials will be discussing the scheme with community charge experts from the local authorities later this week. I propose that we should let them have copies of the enclosed paper as a draft for authorities as an addendum to the paper issued on 11 October. I should be grateful to know whether you are content that I should proceed in that way.

Copies of this letter and enclosures are being sent to the Prime Minister, Geoffrey Howe, Nigel Lawson, Kenneth Baker, Malcolm Rifkind, Peter Walker, Tony Newton and Sir Robin Butler.

Yours sincerely
Chris Patten

af CHRIS PATTEN

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

COST OF PUBLISHED SCHEME OF TRANSITIONAL HOUSEHOLD RELIEF

Full cost including consequential for Scotland and Wales £353m

-----ENGLAND-----

Single threshold	£3.00						
Couple threshold	£1.50 each						
			Cost per application				£40.00
			Cost per bill				£7.50
	House- holds (000)	Adults (000)	Relief (£m)	Benefit flowback (£m)	Admin cost (£m)		Total cost (£m)
One adult hh	110	110	4	1	1		4
Two adult hh	2510	5020	225	45	38		217
Larger hh	170	340	7	1	7		13
Pensioners	410	410	53	27	28		54
Disabled	100	100	10	5	7		12
TOTAL	3300	5980	299	79	80		300
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Average £ per week	1.74	0.96					
Average £ per year	91	50					

Draft of 16 October 1989

THE COMMUNITY CHARGE

PROPERTIES OCCUPIED BY THREE OR MORE PERSONS

1. On 11 October 1989, the Department issued a paper setting out the government's proposals for a scheme to help former ratepayers together with their partners, and other pensioners and disabled persons, to pay the community charge during a transitional period. Paragraph 9 of that paper said that a further paper would be issued giving details of the basis on which entitlement to relief for people of these types would be decided.
2. To ease the task of administration, the paper of 11 October proposed that for properties occupied by one or two persons relief would be calculated automatically by comparing the rate bill for the property in 1989/90 (on the assumptions specified in paragraph 8 and 10 of the paper) with one or two community charges (as the case might be, and defined as set out paragraphs 8 and 12 of the paper) plus the sum of £156 a year.
3. It is proposed that for properties occupied by three or more people entitlement to relief should be calculated in a similar way. In all cases however the comparison will be between the rate bill for 1989/90 and two community charges (as defined in paragraph 12 of the earlier paper) plus the sum of £156.
4. That calculation will establish the total sum of relief to be given in respect of the property concerned. It will then be necessary to establish to which two occupants of the property the relief is to be given. It is proposed that the charging authority should write to the former ratepayer (if known and if resident) to invite him or her to nominate on a standard form the two occupants

of the property who should receive the relief. The remaining occupants of the property would be sent a copy of the letter to the former ratepayer. If the identity of the former ratepayer is not known, the authority would write to all the occupants of the property to invite them to nominate jointly the two recipients of relief on a standard form (to be supplied to one occupant who should be identified to the other occupants). It would be made clear that if the nominations were not made, all occupants of the property would be sent unrelieved community charge demand notices.

5. As noted in paragraph 9 of the paper of 11 October 1989, pensioners and disabled persons in larger properties, other than a former ratepayer and his or her partner, will be able to apply to the charging authority for relief to reduce their community charge liability to no more than £3 a week (£156 a year).

6. Comments on these proposals should be sent to Alex Galloway, Department of the Environment, Room N6/08, 2 Marsham Street, London SW1P 3EB, by 1 November 1989.

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