

c:community (mj)

PRIME MINISTER

COMMUNITY CHARGE TRANSITIONAL RELIEF: LARGER HOUSEHOLDS

When the details of the transitional relief scheme were being sorted out last month one difficulty concerned the treatment of households with more than two adults. You were keen to ensure that the system for distributing transitional relief took a form appropriate for an individual charge rather than continuing to look like a household tax.

The resulting system proposed in the consultation document issued to local authorities was for occupants of larger households to have to nominate the two people who would receive relief.

Chris Patten has now written round (Flag A) saying that this proposal is meeting strong opposition from local authorities on administrative grounds. There are also doubts whether the proposal is legally watertight. To overcome these problems he now favours changing it to automatic apportionment of two reliefs among all adults in the household. The potential difficulty of this, recognised in the earlier exchanges, is that it could be seen to dilute the principle that relief should only go to former ratepayers.

But all concerned are now agreed that, given the administrative and legal problems, the revised approach put forward by Chris Patten should be adopted. Malcolm Rifkind's letter is at Flag B, and I gather the Chief Secretary is now writing round in similar terms. The Policy Unit (Flag C) recommend that on balance you should endorse the proposed change.

Reluctantly content?

Yes no

PLG.

Paul Gray

17 November 1989