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ACCB/UP.

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From the Private Secretary

29 January 1990

Dear Trevor,

**TRANSITIONAL RELIEF**

The Prime Minister has been considering further the operation of the community charge transitional relief scheme in those areas where Government assumed spending for 1990-91 is less than SSA.

I should be grateful if you and copy recipients would ensure that this letter is seen only by a list of named individuals with a strict need-to-know.

As the Prime Minister understands it, the present proposed arrangements for both the transitional relief scheme and the safety net centre on the figures for Government assumed spending of each authority. In the case of transitional relief, if a authority spends at or below Government assumed spending, charge payers in that area will be protected by the £3 a week limit. But if authorities spend above Government assumed spending, then the £3 a week limit ceases to operate and charge payers will have to meet the full amount of any excess. This will arise whether or not the resultant level of spending by the local authority is below, at, or above SSA.

The Prime Minister is concerned about the position of individuals in those authorities where spending is above the Government assumed level but below SSA. She thinks it may be difficult to explain why, even though an authority is spending below the level the Government regard as "reasonable", individuals could face increases as compared with their uplifted rates liability of more than £3 a week. She would therefore be grateful if Department of Environment and Treasury Ministers could consider the cost and other implications of amending the £3 cap under the transitional relief scheme such that it operates up to Government assumed spending or SSA in a particular area, which ever is the higher. She would also be grateful for advice on the timing implications of such a change.

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The Prime Minister thinks that any such change should apply only to the transitional relief scheme and not to the safety net; she assumes that a different approach for the two schemes could be defended on the basis that Parliamentary approval of the safety net is now complete and that to change the safety net at this stage would be disruptive to local authorities budget-setting process.

I am copying this letter to Roger Bright (Department of the Environment), John Gieve (HM Treasury), Carys Evans (Chief Secretary's Office) and Sonia Phippard (Cabinet Office).

Yours,  
Paul

(PAUL GRAY)

Trevor Beattie, Esq.,  
Minister of State's Office,  
Department of the Environment.