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Lee Phillip

COMMUNITY CHARGE REVIEW

As promised in my letter of earlier today I now enclose a copy of our Statement announcing the Scottish consequences of the Review which will be made tomorrow by my Secretary of State by way of a written answer.

I would be grateful to have any comments on the Statement from you or the other copy recipients by 12 noon tomorrow at the latest.

Copies of the Statement have gone to the Private Secretaries of E(LG), to Sonia Phippard (Cabinet Office) and to Michael Carpenter (Attorney General's Chambers).

J D Gallagher

J D GALLAGHER
Private Secretary

Q To ask the Secretary of State for Scotland, what changes he is proposing to make to the community charge arrangements following the review of those arrangements.

A I am proposing to make the following changes

Community charge relief

- 1) with effect from 1 April 1990 the threshold for relief will be reduced from £3 per week to £2 per week
- 2) the scheme will be extended by 2 years
- 3) relief paid under the scheme to an individual will not reduce until the 4th and 5th years of the scheme when it will reduce by £13 each year.

Those proposals will take effect from the beginning of the second year of the scheme in Scotland. The lowering of the threshold for relief will give £52 more relief than would otherwise have been the case to each household that qualified for it, provided they have not moved. Pensioners and the disabled who were not former ratepayers will also have an extra £52 of relief. On top of this, the moratorium on withdrawal of relief will be worth up to £13 in 1990-91 to everybody already entitled to relief in respect of 1989-90. Many couples will be £78 a year better off than they would otherwise have been as a result of these changes. It is estimated also that the number of people benefiting may increase by more than 50% as a result. The amount of relief paid out is expected to increase by more than this proportion, reflecting the increase in relief that existing recipients of relief will receive as well as relief being paid for the first time to new recipients. The implementation of these changes will be subject to discussion with local authorities before regulations bringing them into effect are made.

Bed and Breakfast

Following consultations, I intend to lay regulations very shortly to exempt Bed and Breakfast establishments providing space for a maximum of 6 people to be exempt from non-domestic rates, by prescribing that they shall be treated as domestic property.

Standard Community Charge

Certain changes have already been made by prescribing a number of specific classes from 1 April 1990. These include empty manses, properties empty as a result of a person's death, property whose owner is being cared for elsewhere, empty homes belonging to students, and empty property belonging to prisoners. It is my intention now to prescribe with effect from 1 April 1991 additional classes of premises and the maximum multipliers which will apply to them. I will consult with the Convention of Scottish Local Authorities and with community charges registration officers before making the appropriate regulations. My intention is to make provisions relating to property owned by people who live in tied accommodation, property which has been repossessed by a mortgage lender and, subject to views which are expressed during consultation, property which is adjacent to either the main residence of the charge-payer or to non-domestic property owned by him.