

Prime Minister

Mr Portillo has put forward two options

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Minister for Local Government
and Inner Cities

for the revised community charge

demand note - at annex A & annex B.

Annex A is a genuine rework - annex B a revision of the existing form.

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much too complicated
not clear

Policy Unit (note attached) favour Annex A (I agree)

Content to suggest Annex A is a better approach, which needs to be developed further? Yes

Dear Norman

BHP 7/9

A is much better

COMMUNITY CHARGE DEMAND NOTICE

On 19 July I announced, as one of the conclusions of the community charge review, that we proposed to bring forward regulations prescribing a revised format and notes for the community charge demand notice in England in 1991/92. Our intention is to make the demand notice (the bill) simpler and therefore more understandable by the chargepayer; and in particular to make it clear that in the shire areas the bulk of spending is by county councils, rather than by the district authority which as the charging authority has the responsibility of sending out the bill.

There is some urgency about this because a revised form of bill will require adaptations to charging authorities, computing systems and they also have to arrange for the necessary stationery for some 35.5 million bills to be printed. We must therefore announce our final intentions early in the autumn (as last year we shall not be able actually to make the regulations until after the Settlement reports have been made in December because the regulations on the bill must refer to terms which will only be specified in those Reports). We have accordingly already consulted the local authority associations on our basic proposals for amendments to the form of the bill. I enclose a copy of the proposals and would welcome comments from you and those to whom this letter and enclosure are being copied.

You will see that we have consulted on alternative simpler forms of bill. In both we have sought to prune as much as possible of the verbiage both on the face of the bill and in the explanatory notes, though the primary legislation and other legal considerations impose some limits on how far we can go. There are also limitations on our ability to prescribe the size of type-face to be used for particular parts of the bill and to that extent Annexes A and B cannot be regarded as more than illustrative (though many districts will not need to be encouraged to focus the attention of chargepayers on spending by the county).



Recycled Paper

Annex A is on the lines discussed with colleagues during the community charge review. It offers the possibility of a much simpler bill than is at present required (example also enclosed). But in essence it restricts itself to a single message, viz. the extent to which each tier of administration is spending more or less than its benchmark SSA. The problem with the model we discussed earlier is however that it did not convey the extent to which in shire areas spending is attributable to the county - this is a point which many of our Parliamentary colleagues have pressed upon us. Annex A seeks to overcome that by means of the note in the third display box. But our view is that it does not do so very satisfactorily and we are accordingly inclined to favour the form at Annex B. This is rather more akin to the existing form but the verbiage has been cut away and it emphasises both the relative scale of spending by the different tiers and their variation from spending for a standard level of service. It also makes clear the scale of support from national and business taxpayers which was a point to which your predecessor attached importance last year. We will await the views of colleagues as well as comments by the associations and others before reaching a final conclusion but you may find it helpful to know our current inclinations.

I should also say that we are giving further thought to a number of detailed aspects of both alternatives. There is no need for me to mention them all here, but it may be helpful for me to note that both alternatives seek in different ways to eliminate the line for "other adjustments" on the existing form. This would be desirable if it could be done because local authorities tell us that some chargepayers have been deducting this amount from their payments on the grounds that there is no reason why they should, for example, offset the estimated effects of non-payment by others. On further reflection however we are wondering whether it is in fact practicable to do without this line.

So that we can make progress with redrafting and with the detailed drafting of regulations it would be helpful to have any comments by 12 September.

I am sending copies of this letter and enclosure to the Prime Minister, Malcolm Rifkind, David Hunt and Sir Robin Butler.

Yours ever

Michael.

MICHAEL PORTILLO

The Rt Hon Norman Lamont MP