



QUEEN ANNE'S GATE LONDON SW1H 9AT

30th September 1985

Dear Kenneth,

ATTACHED

I thought it would be helpful if I wrote to you following up the points made at the discussion at E(LF) on 23 September about the problems of enforcing a residents' charge, particularly in the inner cities.

I am convinced that this is quite a serious matter. We were worried, as you know, that a residents' charge would be represented as a tax on the right to vote. Your proposal to have a separate register - necessary on practical grounds - would help on this point. But local authorities would still have to rely heavily on the electoral register as a source of information for the residents' charge, and the two would be closely linked in the public mind.

More important, I believe that the difficulties of enforcing a residents' charge are under-estimated in your report. There is no ready means of checking whether householders declare all the individuals in their household or, in multi-occupied houses, that all households are declared. Our experience with the electoral register shows how difficult it is to achieve acceptable levels of completeness and accuracy, especially in inner city areas, even when registration confers a right (the right to vote) rather than an obligation. These difficulties would be far greater with a residents' charge, where individuals will have a strong incentive not to register. Local authorities will be left having to rely on any other information which may be available within local government, and the public display of the register as the only means of checking whether people have registered. I doubt whether these arrangements will prove adequate.

Experience in other contexts - for instance, of trying to operate the TV licensing system in West Belfast - illustrates the problems which revenue collecting operations can encounter in difficult areas. Other examples, such as the collection of parking fines, shows that difficulties are not confined to those areas: without a really effective machinery one can expect to find evasion and fiddling among all classes of people. The arrangements so far envisaged for a residents' charge would in practice leave many people able to avoid their liability. The money lost might not be all that great in absolute terms but it could have a serious impact in some inner city areas. The residents' charge might be perceived by the public as being widely evaded and would bring the new system quickly into disrepute.

I am also concerned about the position of the courts. It must be doubtful whether action through the courts would be likely to be very effective in enforcing compliance with a residents' charge. Experience with TV licensing is that the courts are reluctant to impose stiff penalties, especially where the offender is unemployed or manifestly not well off. The prospect of court proceedings for evasion of a residents' charge may not offer a powerful enough deterrent to evaders.

The Rt Hon Kenneth Baker, M.P.

CONFIDENTIAL

There are a number of other practical points which need discussion between our officials.

I hope that there will be an opportunity to return to these issues.

I am copying this letter to the Prime Minister, to other members of E(LF) and to Sir Robert Armstrong.

Lowery,

Douglas,