



CONFIDENTIAL

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My ref

Your ref

The Rt Hon Tony Newton OBE MP
Secretary of State
Department of Social Security
Richmond House
79 Whitehall
LONDON
SW1A 2NS

21 February 1990

NBPM

Re: C

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Dear Secretary of State

COMMUNITY CHARGE CAPPING

Thank you for your letter of ^{*✓*}16 February about the implications of charge capping for community charge benefit.

My officials had a preliminary discussion with yours about this on 16 February. I note that you aim to go out to consultation very shortly on further changes to the Community Charge Benefit Regulations so as to avoid paying subsidy on excess benefit in respect of capped charges.

Capping, of course, is not the only circumstance in which an authority might set lower substitute charges. It is open to an authority to set such lower charges at any time during a financial year. I suggest therefore that we should not set the proposed changes to your regulations in the context of possible capping, but make clear that they are catering for any situation where an authority sets a substitute charge which is lower than the initial charge for the year.

Almost certainly, however, your consultation will be seen as a further indication that we intend to cap authorities. Should any questions on capping be raised, we should make clear that no decisions have been taken, but if authorities budget excessively we shall not hesitate to cap them. Given this interaction with capping, I should be grateful if your officials would liaise closely with mine on the drafting and handling of the consultation document, and on any subsequent publicity.

I am copying this to other members of E(LG) and Sir Robin Butler.

Yours sincerely
A. O. Patten

PP CHRIS PATTEN

(Approved by the Secretary of State and signed in his absence)

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