

cc b/w up

6(a-b)

PRIME MINISTER

MEETING OF E(LG): COMMUNITY CHARGE CAPPING

Tomorrow morning's E(LG) meeting is the follow-up discussion to your ad hoc meeting yesterday about charge capping in 1990-91.

Chris Patten has this evening circulated a revise of the earlier draft paper. This final version is at Flag A. For the most part it is little different from the earlier version. But, in consultation with the Solicitor General, he has considered further the remit you gave him yesterday to see whether the capping criteria could be extended, in particular to include Hackney. You will want to look at paragraphs 13-15 of the paper. You will see he concludes that there should be no change in the earlier proposes, so on that basis Hackney would continue to be excluded from capping.

I suggest you handle the meeting as follows:

- (i) invite Chris Patten to introduce his paper.
- (ii) discuss whether or not you are now (reluctantly) prepared to accept the criteria of 12½ per cent above SSA, £100 per head above SSA and a £26 de minimus limit.
- (iii) ask Peter Walker whether he wishes to add anything to his minute now received at Flag B. He proposes the same criteria as for England: and on that basis no Welsh authorities are caught.
- (iv) ask Malcolm Rifkind to comment on Scotland. He has not put in any paper. He is likely to say that, having had no capping in Scotland last year, there should be none for 1990-91 either. He will argue that accountability is beginning to work. He may point out that, if the same criteria as for England were applied in Scotland,

that would catch the Shetland Isles; but that a cap in this area would not be sensible, first because their charge is actually below 1989-90, and second because the Shetland Isles are very much a special case. Since the local criteria for capping are different in Scotland to England, there is in any event no obligation to extend the English practice north of the border.

- (v) ask Tony Newton to report on the remit you gave yesterday to consider ways of dis-applying the social security de minimus limit which could make some individuals worse off as a result of capping. You will recall that yesterday's meeting was adamant that some way round this problem must be found.
- (vi) settle the timing of Mr. Patten's announcement, which he wishes to be next Tuesday. You may also want to ask him to include the thought that the extent of his capping decisions have been limited by the terms of the present statute.
- (vii) assuming agreement has been reached on all points invite Mr. Patten briefly to report the outcome of the discussions to the meeting of Cabinet that will be following immediately after E(LG).

*Rec.*

PAUL GRAY

28 March 1990

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PRIME MINISTER

THE STANDARD COMMUNITY CHARGE

Before Cabinet tomorrow you may like to see the latest bits of paper on the various problems about the standard Community Charge.

You agreed last week that DoE Ministers should circulate a note to all Members of Cabinet about the position and that David Hunt should send a clear public signal that the Government will need to reconsider the position for 1991-92. Separately, it has been agreed in the last 24 hours that the caravans problem needs to be corrected immediately via a short Bill.

Chris Patten has now circulated the promised minute to Cabinet colleagues (Flag A). He sets out the action which has already been taken, examples of the remaining hardship cases (Annex A), and the terms of David Hunt's statement about the position (Annex B).

I also attach a minute just in from Peter Walker (Flag B). He agrees that the position on standard charges needs to be reconsidered for 1991-92. But you will note that he would be concerned about any general lowering of the maximum multiplier to 1 for all standard charge properties; this is against the background of the anti-second homes lobby in Wales. That is a reasonable point. But I do not think DoE Ministers are envisaging going as far as that; the priority is to limit local authorities discretion in the various special hardship cases, not in "routine" second home cases.

PAUL GRAY

28 March 1990

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