

PRIME MINISTER

COMMUNITY CHARGE: MEETING WITH COLLEAGUES ON 13 FEBRUARY

Following the meeting earlier this week with DOE and Treasury Ministers about the "Higgins Scheme" you asked Chris Patten to prepare a further note setting out the main issues still to be faced on the community charge. I have arranged a further meeting to discuss this next Tuesday, with DOE and Treasury Ministers plus the Chief Whip.

Chris Patten's paper is at Flag A. The key issues you will need to run through at the meeting are:

- (i) the latest view on the Higgins Scheme Chris Patten is clearly not enthusiastic about this, but does point to the possible Parliamentary advantages on which you will want to take the Chief Whip's view. But on timing, Chris Patten is now pressing for an early decision, as he suggests the necessary report needs to be laid before the House next week;
- (ii) whether there are any other schemes for additional assistance that need to be considered. Annex A to the Patten paper points to a number of other difficult issues that will have to be faced once bills are available, and where there could be pressure for concessions. You may want to run through the list at the meeting. You will see that it includes the issue of a possible increase in the capital disregards for community charge benefits, which you discussed yesterday with the Chancellor. You will not want to reveal this discussion to those at Tuesday's meeting; so you may want quickly to put this issue to one side, indicating it is something that may need to be looked at again later.

(iii) Community Charge capping. Chris Patten is now seeking views on what risks it is worth running, in terms of administrative disruption and legal challenge, in order to consider capping more than 25 authorities. You will recall he suggested this week that 30 could be capped "at a pinch". DOE need to be given a steer now on roughly how many authorities should be capped; but the decisions on which should be capped do not need to be taken until the last week of March (we have already fixed an E(LG) meeting then for that purpose).

In considering the general handling of the community charge you will also want to look carefully at a further note from Bernard at Flag B, in which he reveals the outcome of a discussion with Lady Porter. The news from Westminster seems to me extremely encouraging; it should be possible to make considerable capital from it. You will see that Bernard also suggests you should make discussion of the community charge the main issue at Monday's Week Ahead Meeting, though without revealing what he reports about Westminster.

Rec.

PAUL GRAY

9 February 1990

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