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MBM at this stage.

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Christopher Patten MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London
SW1P 3EB

16th February 1990

Dear Chris

COMMUNITY CHARGE CAPPING

Thank you for sending me a copy of your 5 February minute to the Prime Minister.

2. I attach great importance to the policy of community charge capping. As you have made clear in the House, it is an important weapon in protecting chargepayers from the consequences of excessive spending, particularly in the first year of the new system, before accountability can be expected to have its full effect.

3. I very much agree with you that we should not be drawn on the criteria for selection for capping before we have authorities' budgets. In the meantime, my only concern is that we should keep all our options open. To that end, I should be grateful for your assurance on two particular points.

4. First, the timetable you outline is, as you say, extremely tight, and I was somewhat concerned at your suggestion that this could have implications for the number of authorities we can cap. Concluding the period for representations before the local elections does mean that we have to take some very tricky decisions in ten working days. The main burden will, of course, fall on your department, but the issues will involve other colleagues, and we may well want to discuss the outcome collectively. I hope this will not, of itself, constrain the number of authorities we can cap.

5. Second, I think it is important to keep open the option of capping authorities which make excessive increases in their budgets. As well as those which simply budget excessively. The

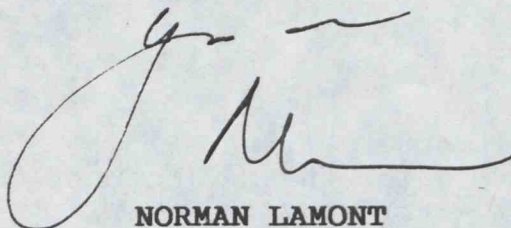
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LOCAL GOVT: Rates.

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former criterion, but not necessarily the latter, would catch those authorities who were spending up as a political gesture against the community charge, and I suspect our own supporters will look to us to use the capping weapon against these councils, if we can. For the moment, clearly, all we can do is to avoid closing off any possibilities.

6. I am copying this letter to the Prime Minister, to other members of E(LG) and to Sir Robin Butler.



NORMAN LAMONT



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