

PRIME MINISTER

COMMUNITY CHARGE CAPPING

Following this afternoon's meeting with Treasury and DoE Ministers, you agreed to have a meeting with a wider group of colleagues tomorrow afternoon to carry the discussions forward. You will want to keep the agenda strictly confined to the immediate capping decisions and not stray into the wider review issue.

The further Ministers invited are the main local authority service Ministers, Mr Baker, the Solicitor General and the Business Managers (although the Lord President will be unable to attend as he will be tied up in the House).

John MacGregor will not be able to come until near the end of the meeting as he is involved in the training credits launch until about 1730; I have assumed you would not wish to pull him out of that launch and am therefore inviting Angela Rumbold to deputise; she will be fully briefed by John MacGregor beforehand.

The version of the DoE paper you worked on over the weekend, and discussed at today's meeting, is at Flag A. I suggest you continue to use that version; DoE have now circulated a tidied up version at Flag B but it is not substantially different.

The paper does not of course take account of this afternoon's meeting, and your remit to Chris Patten to consider the scope for more extensive capping, eg by changing the criteria to 10 per cent and £75 above SSA. Chris Patten will speak to this; and you will want to ask the Solicitor General for his views on how legally secure different packages would be.

Subject to the progress at tomorrow's meeting, you will want to invite Chris Patten to circulate a paper to E(LG) for discussion on Thursday morning prior to Cabinet. It will be essential at that stage to bring in the Welsh and the Scots. As I mentioned this afternoon, the Scots have different

statutory capping criteria, and Malcolm Rifkind does not wish to have any capping. But for the Welsh the criteria will have to be the same as for England. I gather that if the excess above SSA per head is kept at £75 no Welsh authorities are caught, but if it was brought down to £50 Cardiff would be caught.

The other papers in the folder are those you did not I think have a chance to study over the weekend, namely:

Flag C - Policy Unit brief arguing against capping;

Flag D - Richard Wilson's brief raising issues for today's meeting; there are however still some useful points in this you may want to refer to at tomorrow's meeting.

Rec.

PAUL GRAY

26 March 1990

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