

SECRETPRIME MINISTERTHE COMMUNITY CHARGE - FURTHER WORK

Following the Ministerial meeting today, it was agreed that the Chancellor should chair a group comprising Mr Patten, Mr Hunt, the Chief Secretary to consider:

- options for bringing the growth in local authority spending next year under firm control; and
- measures to improve the perceived "fairness" of the community charge.

With the agreement of the Chancellor, Richard Wilson called together DoE and Treasury officials this afternoon. They have agreed a programme of further work to fulfil the remit given to the Chancellor. DoE and Treasury officials are working on six papers as follows:

- (i) Capping to consider technical methods and which authorities would be liable to be capped.
- (ii) Options for setting cash targets for local authorities, to include an assessment of the expenditure implications under different approaches.
- (iii) Transitional relief identifying the costs and savings of pursuing the various proposals in Mr Patten's paper (there will be no further work on community charge rebates).
- (iv) The flat rate extra community charge, set at a national level, for those on high incomes.
- (v) Powers and duties of local authorities.
- (vi) Legislative timetable.

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When these papers are completed, Richard Wilson will provide a covering note describing for the four Ministers what the options are and setting an agenda for decisions.

There will be further meetings of officials over the next two weeks to be chaired by Richard Wilson aiming to produce the six notes and cover note by the end of the week after next. Subject to your agreement and time permitting, Richard Wilson has suggested that I should attend the meetings and see the papers.

Once the four Ministers are content with the paper, it is proposed that the official papers plus Ministerial covering papers setting out views would be sent to you. Subject to your agreement, these papers would then be considered in three weeks' time by the same group of Ministers as met today, with the addition of the Law Officers.

Although this is a very tight timetable, it should be achievable. Are you content?

BHP

Yes - Harrison  
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BARRY H POTTER  
26 April 1990

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