



Barry Potter Esq
Private Secretary to
The Prime Minister
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Prime Minister (2)
A really sensible step to

enclose draft
charge-capping
note in full
- and is seen
to next

2 MARSHAM STREET
LONDON SW1P 3EB
071-276 3000

My ref:
Your ref:

mf

BHP
27/7

27 July 1990

Dear Barry
CHARGE CAPPING

Following approval by the House of Commons of the draft orders setting authorities' caps on 12 July; the statutory notices confirming the figures were issued last week. Authorities have 21 days from receipt of the notice in which to set new lower budgets. New charges must follow as soon as reasonably practicable thereafter.

In issuing the notices the Department made it clear that our view is that the statute requires authorities setting new charges to reflect in those charges the full amount of the budget reductions. It has now become apparent that some authorities have set or are considering setting new charges which do not fully reflect the reductions in their budgets. The worst offender, Haringey, has set a charge of £536, which is £28 higher than the Department believes it should be. Senior officials from the Council have been called into the Department to explain this. It appears the council has used different assumptions (in light of the fact that it has been capped) about losses on collection of the charge in calculating a new charge from those it used in calculating its original charge earlier in the year. The Department's lawyers do not consider that the statute enables an authority to do this and Treasury Counsel agrees.

My Secretary of State is not prepared to allow Haringey to impose a charge on its chargepayers nearly £30 higher than the right amount. He has spoken to the Solicitor General who agrees that the Secretary of State should proceed against Haringey. He therefore proposes to apply for an injunction on Monday 30 July to prevent the Council from sending out bills based on a charge of £536 and applying for judicial review of the Council's decision to set that substitute charge.

I enclose a copy of a statement which the Secretary of State issued this afternoon.

I am copying this to the Private Secretaries of other members of E(LG), of the Solicitor General and of Sir Robin Butler.

Yours
Phillip

PHILLIP WARD
Private Secretary

ENVIRONMENT

NEWS RELEASE

27 July 1990

STATEMENT BY CHRIS PATTEN, SECRETARY OF STATE
FOR THE ENVIRONMENT

I intend to apply to the High Court, early next week, for an injunction to stop the London Borough of Haringey from issuing bills to collect the substitute community charge of £536 (pounds).

I also intend to apply for a judicial review of Haringey's decision, on 23 July, to set that substitute charge.

If they had used their original estimates, when setting a reduced charge, it would be about £508 (pounds). But Haringey councillors decided not to do this. I feel I must step in to ensure that Haringey's chargepayers benefit fully from the cap the House of Commons has approved on this council's excessive budget.

Press Enquiries: 071 276 0910
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