



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 October 1990

Dear Phillip,

CHARGE CAPPING: LAMBETH

The Prime Minister was grateful for your Secretary of State's minute of 16 October proposing that the Government should take legislation next session, which would prescribe how a local authority should calculate substitute community charges after capping of its budget.

The Prime Minister agrees that legislation is necessary in order to ensure that, after capping, the full benefit of the reduction in the precept is passed on to the community chargepayer. The Prime Minister therefore very much hopes that the Lord President will be able to give authority for the drafting of a short bill and a place in the legislative programme.

The Prime Minister also sees advantage in action to encourage local councils to find any cuts required, as a result of charge capping, from central administration. Every effort should be made to sustain service levels at the point of delivery - for example by discouraging local authorities from reducing delegated budgets to schools under Local Management of Schools (LMS).

In this context, the Prime Minister would also be grateful if the Secretary of State for Education could consider the possible implications for the budgets of Grant Maintained Schools, if - despite the efforts of central government - capped local authorities do reduce LMS budgets. It appears this would then lead to lower budgets for GM schools. Is there any way in which this can be prevented?

I am copying this letter to the Private Secretaries to members of EL(G) and QL, Michael Carpenter (Solicitor-General's Office), Sir Robin Butler and Sir Henry de Waal.

Yours ever,
Barry

(BARRY H. POTTER)

Phillip Ward, Esq.,
Department of the Environment.