geth B

Prime Minister

REVENUE SUPPORT GRANT SETTLEMENT 1990/91: THE SAFETY NET

Following our discussions at E(LF) on 22 June, I have given further thought to the form of the safety net. No other colleague has made any comment but I have discussed the matter with John Major. I am writing to let you know what he and I now think would be our best option.

I continue to think that it is reasonable for some of the losses which will be experienced on moving to the new system to come through in the first year. As I said before, £25 seems to me to be the sort of amount everyone could be asked to bear. In the same way I think that the smaller and medium size gains ought to come through to a greater extent than under our original proposals.

The proposal which best meets these broad objectives is the safety net for the first year shown in column 7 of the table attached to my paper E(LF)(89)4. This allows through up to £25 of losses, but gives full protection for all losses above that. This protection is paid for by gainers contributing 53% of their gains, so the big gainers contribute more than the small gainers. Every gainer retains some of their gain. (The heading to column 7 of the table erroneously showed gainers contributing 57% of gains.) Using new data may change this figure again slightly.

I have illustrated this option in column 3 of the attached table, but with a further refinement to address a particular problem John and I have identified. This is that most of the losses will be born in the North, while most of the gains come through in the South of England. In many areas of the North, average rate bills are low because rateable values are low. A £25 loss would be a greater proportionate burden for those areas than elsewhere — and one which they are not expecting to bear.



A simple way to help would be to prevent any loss feeding through in the worst hit areas. I have illustrated how charges would look if we offered full protection to areas where the average rateable value per domestic hereditament was very low, below £135, tapering to no extra protection in areas with an average RV of £150 or more. About 50 authorities would benefit from this refinement - a list is at annex B.

In the exemplifications, I have assumed we would offer this extra help by way of a specific grant costing £100 million. John Major has reluctantly agreed to a corresponding increase in AEF to £23.1 billion. This would complement the £100 million we are proposing to give to Inner London. It would be extra money to deal with a particular problem; it would mean we could phase it out in whatever way we thought best. I shall want to consider the most appropriate way of phasing it out over the five years which I think is the right period. But I think it would be better not to announce details of the phasing out yet, so as not to tie our hands. But it does have the disadvantage that we need to take new powers, by amendment while the Local Government and Housing Bill is in the Lords; there may be procedural difficulties in dealing with a financial measure of this kind in the Lords.

I would propose to include in my July announcement an outline of the proposed new form of the net. The £25 maximum loss figure would be firm but the exact percentage of gains needed to pay for it can only be worked out in the Autumn. I would also propose to mention the extra protection for low RV areas.

I am sending copies to members of E(LF) and Sir Robin Butler and I invite colleagues to endorse my proposals.

Souly 1989

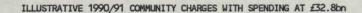
(approved by the Scretchy of State and Signed in his absence).

	COL 1 1989/90 Av rate bill per adult + 4%	COL 2 Long run charge	COL 3 Up to £25 loss, 47% of gains allowed	COL 4 Effect on charge of 1% rise in spending
Total England	280	273	271	8
Total Inner London	343	397	294	13
Total Outer London	324	310	318	9
Total Metropolitan Areas	273	287	268	9
Total Shire Areas	271	249	259	7



AEF £23.1bn, of which £200m for specific grants. Gross Total Standard Spending £32.8bn
DOE E(LF) Standard Spending Assessment Package
Inner London charges reduced by £100m ILEA specific grant

	COL 1 1989/90	COL 2	COL 3	COL 4
		Long	Up to £25 loss,	Effect or
	Av rate bill	run		charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
REATER LONDON				
City of London	541	325	421	
Camden	446	442	425	12
Greenwich	285	579	246	1
Hackney	351	239	263	1
Hammersmith and Fulham	373	563	348	1
Islington	446	425	416	1
Kensington and Chelsea	393	205	282	
Lambeth	309	334	277	1
Lewisham	275	423	241	1
Southwark	281	439	247	1
Tower Hamlets	282	397	240	1
Wandsworth	202	350	175	1
Westminster	587	341	449	1
Barking and Dagenham	244	365	269	
Barnet	361	246	307	272
Bexley	247	294	272	
Brent	491	461	477	1
Bromley	255	260	260 ·	
Croydon	267	164	219,	190.
Ealing	321	312	317 ,	1
Enfield	316	274	296 .	
Haringey	532	566	557	1
Harrow	327	264	298	
Havering	257	298	282	
Hillingdon	328	402	353 -	
Hounslow	373	351	362	1
Kingston-upon-Thames	324	328	328 *	
Merton	285	304	304	
Newham	356	319	339	1
Redbridge	231	242	242	
Richmond-upon-Thames	357	305	332	
Sutton	309	307	308	
Waltham Forest	325	275	302	1

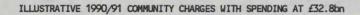


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	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
GREATER MANCHESTER				
Bolton	242	243	243	9
Bury	308	308	308	8
Manchester	322	288	306	11
Oldham	237	259	255	10
Rochdale	262	343	277	10
Salford	286	283	285	9
	313	269	292	8
Stockport Tameside	253	304	274	9
	287	235	263	8
Trafford				9
Wigan	269	343	294	,
MERSEYSIDE				
Knowsley	300	247	275	11
Liverpool	302	276	290	11
St Helens	262	313	287	9
Sefton	288	270	279	8
Wirral	381	350	366	10
SOUTH YORKSHIRE				
Barnsley	221	367	221	8
Doncaster	258	372	270	9
Rotherham	249	349	255	9
Sheffield	278	384	287	9
TYNE AND WEAR				
Gateshead	248	324	255	9
Newcastle upon Tyne	279	335	304	10
North Tyneside	313	345	338	9
South Tyneside	236	301	251	9
Sunderland	217	275	225	9
WEST MIDLANDS				
Birmingham	281	193	240	10
Coventry	311	281	297	10
Dudley	302	250	277	8
Sandwell	279	211	247	9
Solihull	318	208	267	7
Walsall	305	255	282	9
Wolverhampton	306	196	255	10
WEST YORKSHIRE	240	277	240	10
Bradford	218	277	218	10
Calderdale	236	379	236	10
Kirklees	217	327	217	9
Leeds	223	254	244	8
Wakefield	237	345	242	8



	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
AVON				
Bath	255	298	280	7
Bristol	298	345	323	8
Kingswood	263	264	264	7
Northavon	299	276	288	7
Wansdyke	278	288	288	7
Woodspring	305	285	296	7
BEDFORDSHIRE				
North Bedfordshire	310	238	276	8
Luton	361	233	301	8
Mid Bedfordshire	316	245	282	8
South Bedfordshire	364	273	322	8
BERKSHIRE				
Bracknell	305	239	274	7
Newbury	299	178	242	7
Reading	274	225	251	8
Slough	265	150	211	7
Windsor and Maidenhead	349	241	298	7
Wokingham	340	202	276	7
BUCKINGHAMSHIRE				
Aylesbury Vale	288	186	240	7
South Bucks	458	213	344	7
Chiltern	463	231	354	7
Milton Keynes	331	217	278	8
Wycombe	386	223	310	7
CAMBRIDGESHIRE				
Cambridge	323	249	288	7
East Cambridgeshire	235	212	224	7
Fenland	223	230	230	7
Huntingdonshire	250	208	230	7
Peterborough	274	256	265	7
South Cambridgeshire	297	192	248	6
CHESHIRE				
Chester	303	258	282	7
Congleton	280	256	269	7
Crewe and Nantwich	308	276	293	8
Ellesmere Port and Neston	292	267	281	8
Halton	259	267	267	8
Macclesfield	357	252	308	7
Vale Royal	267	253	260	7
Warrington	266	270	270	8



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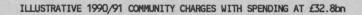
	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
CLEVELAND				
Hartlepool	247	301	263	10
Langbaurgh-on-Tees	308	337	333	10
Middlesbrough	275	330	300	10
Stockton-on-Tees	298	302	302	10
CORNWALL				
Caradon	220	218	219	7
Carrick	229	228	229	7
Kerrier	194	219	215	7
North Cornwall	220	215	218	7
Penwith	205	219	217	7
Restormel	205	217	217	7
CUMBRIA				
Allerdale	197	282	197	8
Barrow in Furness	198	321	198	8
Carlisle	227	282	238	8
Copeland	191	293	191	8
Eden	208	256	208	7
South Lakeland	249	280	274	8
DERBYSHIRE				
Amber Valley	249	316	274	8
Bolsover	225	342	226	8
Chesterfield	257	342	282	8
Derby	311	311	311	8
Erewash	265	325	290	8
High Peak	254	328	279	8
North East Derbyshire	277	347	302	8
South Derbyshire	281	309	306	8
Derbyshire Dales	297	315	315	8
DEVON				
East Devon	241	224	233	7
Exeter	216	238	238	7
North Devon	185	220	205	7
Plymouth	217	223	223	7
South Hams	257	229	244	7
Teignbridge	225	229	229	7
Mid Devon	193	220	218	7
Torbay	258	293	283	7
Torridge	169	216	169	7
West Devon	205	212	212	7



	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
DORSET				
Bournemouth	254	251	253	7
Christchurch	305	248	278	6
North Dorset	216	193	205	6
Poole	292	235	265	6
Purbeck	227	197	213	6
West Dorset	222	203	214	6
Weymouth and Portland	203	233	228	6
East Dorset	317	235	279	6
DURHAM				
Chester-Le-Street	237	281	261	8
Darlington	248	285	273	8
Derwentside	209	301	209	8
Durham	227	280	252	8
Easington	200	288	200	8
Sedgefield	225	325	225	8
Teesdale	183	224	183	7
Wear Valley	205	313	205	8
EAST SUSSEX				
Brighton	335	348	348	8
Eastbourne	343	269	308	7
Hastings	269	238	255	7
Hove	290	223	259	7
Lewes	309	228	271	6
Rother	325	221	276	6
Wealden	289	224	259	6
ESSEX				
Basildon	434	353	396	8
Braintree	302	229	268	7
Brentwood	408	386	397	8
Castle Point	339	234	290	7
Chelmsford	371	229	304	7
Colchester	291	230	263	7
Epping Forest	414	267	346	7
Harlow	425	417	422	9
Maldon	327	224	279	7
Rochford	363	242	307	7
Southend-on-Sea	357	254	309	7
Tendring	310	246	280	7
Thurrock	365	313	341	8
Uttlesford	363	226	299	7
Thurrock	365	313	341	

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	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
GLOUCESTERSHIRE				
Cheltenham	280	255	268	7
Cotswold	282	223	254	7
Forest of Dean	201	228	226	7
Gloucester	231	232	232	7
Stroud	251	241	246	7
Tewkesbury	270	215	244	6
HAMPSHIRE				
Basingstoke and Deane	249	162	208	6
East Hampshire	287	173	234	6
Eastleigh	282	187	238	6
Fareham	287	182	238	6
Gosport	245	189	219	7
Hart	314	191	256	6
Havant	280	175	231	7
New Forest	264	190	229	6
Portsmouth	205	219	219	7
Rushmoor	231	174	205	7
Southampton	221	190	206	7
Test Valley	262	164	216	6
Winchester	293	176	239	6
HEREFORD AND WORCESTER				
Bromsgrove	264	175	222	6
Hereford	185	173	179	6
Leominster	176	147	163	6
Malvern Hills	258	185	224	6
Redditch	270	214	244	7
South Herefordshire	189	148	170	6
Worcester	259	216	239	7
Wychavon	280	191	238	6
Wyre Forest	242	215	229	7
HERTFORDSHIRE				
Broxbourne	326	264	297	7
Dacorum	375	253	318	7
East Hertfordshire	336	274	307	7
Hertsmere	405	298	355	7
North Hertfordshire	374	265	323	7
St Albans	389	259	328	7
Stevenage	386	332	361	8
Three Rivers	406	277	345	7
Watford	340	283	313	8
Welwyn Hatfield	417	337	380	8



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	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
HUMBERSIDE	*************			
Beverley	317	302	310	8
Boothferry	220	309	226	9
Cleethorpes	264	332	289	9
Glanford	259	286	284	8
Great Grimsby	251	322	276	9
Holderness	262	288	287	8
Kingston upon Hull	233	330	233	9
East Yorkshire	242	318	255	9
	284	372	309	9
Scunthorpe	204	312	309	
ISLE OF WIGHT				
Medina	245	250	250	7
South Wight	269	265	267	7
KENT				
Ashford	239	198	220	7
Canterbury	224	199	212	7
Dartford	218	235	235	7
Dover	198	188	193	7
Gillingham	211	187	199	7
Gravesham	232	193	214	7
Maidstone	231	180	207	7
Rochester upon Medway	205	163	186	7
Sevenoaks	257	192	227	7
Shepway	278	229	255	7
Swale	198	203	203	7
Thanet	234	209	222	7
Tonbridge and Malling	229	224	227	7
Tunbridge Wells	245	190	219	7
LANCASHIRE				
Blackburn	183	235	183	8
Blackpool	239	290	264	8
Burnley	176	260	176	8
Chorley	228	239	239	8
Fylde	272	250	262	8
Hyndburn	176	257	176	8
Lancaster	211	254	236	8
Pendle	169	270	169	8
Preston	233	221	227	8
Ribble Valley	215	246	240	8
Rossendale	199	277	199	8
South Ribble	228	249	249	8
West Lancashire	275	239	258	8
Wyre	239	249	249	8
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		COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
LEICESTERSHIRE				
Blaby	266	226	247	7
Charnwood	265	213	241	7
Harborough	307	244	278	7
Hinckley and Bosworth	257	233	245	7
Leicester	232	289	257	9
MeLton	258	231	246	7
North West Leicestershire	258	249	254	8
	281	244	263	7
Oadby and Wigston			229	7
Rutland	243	212	229	
LINCOLNSHIRE				
Boston	208	225	225	7
East Lindsey	204	207	207	7
Lincoln	199	225	222	7
North Kesteven	205	203	204	7
South Holland	204	224	224	7
South Kesteven	222	211	217	7
West Lindsey	200	203	203	7
NORFOLK				
Breckland	223	214	219	7
Broadland	253	218	237	6
Great Yarmouth	222	243	243	7
North Norfolk	228	215	222	7
Norwich	256	261	261	7
South Norfolk	251	233	243	7
King's Lynn and West Norfolk	203	220	220	7
NORTHAMPTONSHIRE				
Corby	274	248	262	8
Daventry	303	248	277	8
East Northamptonshire	233	215	224	7
Kettering	246	244	245	8
Northampton	296	282	290	8
South Northamptonshire	293	209	254	7
Wellingborough	242	231	237	8
NORTHUMBERLAND				
Alnwick	242	296	267	8
Berwick-upon-Tweed	231	295	238	8
Blyth Valley	271	345	296	8
Castle Morpeth	303	288	296	8
Tynedale	257	288	282	8
Wansbeck	238	348	240	8



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	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
NORTH YORKSHIRE				
Craven	197	239	211	7
Hambleton	226	236	236	7
Harrogate	260	273	273	7
Richmondshire	187	231	212	7
Ryedale	211	248	236	7
Scarborough	204	269	221	7
Selby	205	263	230	7
York	187	248	193	7
NOTTINGHAMSHIRE				
Ashfield	206	257	215	7
Bassetlaw	228	260	253	8
Broxtowe	258	260	260	7
GedLing	274	254	265	7
Mansfield	225	279	248	8-
Newark and Sherwood	249	250	250	7
Nottingham	234	250	250	8
Rushcliffe	289	249	270	7
OXFORDSHIRE				
Cherwell	269	232	252	6
Oxford	294	220	259	6
South Oxfordshire	321	230	278	6
Vale of White Horse	302	220	264	6
West Oxfordshire	272	220	248	6
SHROPSHIRE				
Bridgnorth	228	187	209	7
North Shropshire	200	201	201	7
Oswestry	202	222	222	7
Shrewsbury and Atcham	251	223	238	7
South Shropshire	208	188	199	7
Wrekin	267	256	262	8
SOMERSET				
Mendip	250	249	250	7
Sedgemoor	259	268	268	7
Taunton Deane	255	264	264	7
West Somerset	271	264	268	7
South Somerset	259	264	264	7



Warwick

ILLUSTRATIVE 1990/91 COMMUNITY CHARGES WITH SPENDING AT £32.8bn

AEF £23.1bn, of which £200m for specific grants. Gross Total Standard Spending £32.8bn

DOE E(LF) Standard Spending Assessment Package

Inner London charges reduced by £100m ILEA specific grant

1990/91 charges reduced by £100m specific grant in losing areas with low domestic RV per hereditament

	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
STAFFORDSHIRE				
Cannock Chase	244	255	255	7
East Staffordshire	230	229	229	7
Lichfield	294	230	264	7
Newcastle-under-Lyme	238	254	254	7
South Staffordshire	291	224	260	7
Stafford	252	226	240	7
Staffordshire Moorlands	233	242	242	7
Stoke-on-Trent	210	255	235	7
Tamworth	264	244	255	7
SUFFOLK				
Babergh	253	249	251	7
Forest Heath	226	229	229	6
Ipswich	283	287	287	7
Mid Suffolk	241	228	235	7
St Edmundsbury	230	214	222	6
Suffolk Coastal	287	238	264	7
Waveney	231	244	244	7
SURREY				
Elmbridge	445	304	379	7
Epsom and Ewell	398	323	363	7
Guildford	334	224	282	6
Mole Valley	336	262	301	7
Reigate and Banstead	358	276	319	6
Runnymede	294	247	272	6
Spelthorne	293	234	266	6
Surrey Heath	352	241	300	6
Tandridge	302	280	292	7
Waverley	362	240	305	6
Woking	368	288	331	7
WARWICKSHIRE				
North Warwickshire	307	306	307	7
Nuneaton and Bedworth	308	317	317	8
Rugby	313	281	298	7
Stratford on Avon	369	268	322	7

361

283

325



	COL 1	COL 2	COL 3	COL 4
	1989/90	Long	Up to	Effect on
	Av rate bill	run	£25 Loss,	charge of
	per adult + 4%	charge	47% of gains	1% rise in
			allowed	spending
WEST SUSSEX				
Adur	281	238	261	6
Arun	270	209	241	6
Chichester	262	192	229	6
Crawley	269	270	270	7
Horsham	261	179	223	6
Mid Sussex	287	209	251	6
Worthing	248	217	234	6
WILTSHIRE				
Kennet	241	227	235	7
North Wiltshire	226	256	251	7
Salisbury	262	224	244	7
Thamesdown	253	302	278	7
West Wiltshire	232	260	257	7
ALL PURPOSE AUTHORITY				
Isles of Scilly	214	505	239	11

AREAS BENEFITTING FROM SPECIFIC GRANT

Burnley
Pendle
Wear Valley
Hyndburn
Barrow in Furness
Calderdale
Teesdale

Easington
Kirklees
Barnsley
Copeland
Blackburn
Rossendale
Derwentside

Kingston upon Hull

Bradford Torridge Sedgefield Allerdale

Eden
Bolsover
Wansbeck
Wakefield
York
Boothferry

Rotherham

Berwick-upon-Tweed

Gateshead Sunderland Ashfield Sheffield Carlisle Doncaster

East Yorkshire

Craven
Rochdale
South Tyneside
Hartlepool
Scarborough
North Devon
Oldham
Tameside
Penwith
Leeds

Kerrier Lincoln Mansfield High Peak

Chester-le-Street

Bassetlaw