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Brief on new planning total as promised in Peter Wanless's letter of yesterday covering briefing for PES Cabinet

C Evans
12.7

gep1.ip/jm/12.7cab

PES CABINET: PRESS BRIEFING

BRIEFING ON NEW PLANNING TOTAL

White Paper published July 1988 (Cm 441) proposed a redefinition of the planning total. New definition excludes local authority spending, includes instead finance for local authorities provided or approved by central government (specific or supplementary grants for current or capital spending, Revenue Support grants, credit approvals, non-domestic rate payments).

2. Aim is to:

- identify more clearly differing responsibilities of central and local government for determining different elements of public expenditure

- buttress reforms of local government finance.

- come into line with way other countries plan public spending.

No change to GGE or to overall public spending policy or objectives. New planning total simply a better instrument for achieving those ultimate objectives. Does not mean a let-up on policies for local government spending.

Change welcomed by TCSC (1st Report, Session 1988-89)

1989 Survey to be conducted on basis of new definition; results to be reported in 1989 Autumn Statement and 1990 White Paper.

<u>Defensive</u>

Need smaller Reserves, so more room for programmes?
No. New planning total does not magically make more room within GGE. If smaller Reserves were needed within new planning total, would only be because we have to make allowance outside NPT but still within GGE for expenditure local councils finance for themselves

Change of definition means more room for fiddling figures?
GGE figures are unchanged. So are GGE ratios. Most elements of the planning total also fundamentally same - central government's own expenditure and provision for public corporations.