



Minister for Local Government
and Inner Cities

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JM.
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Dear John

21st August 1989

COMMUNITY CHARGES: STANDARD SPENDING ASSESSMENTS

Standard Spending Assessments will be our ^{to CS} assessment of the appropriate level of expenditure for each authority under the new Community Charge System. As such they will form the basis of grant distribution and play a key role in the new system.

Earlier this year we ^{attached} discussed proposals for these Standard Spending Assessments with the Local Authority Associations. Nicholas Ridley wrote to Kenneth Baker on 25 May attaching a Report of these discussions and asking for his preliminary views on the options considered for education. Taking account of his views (and those of other colleagues on their particular services) at the time, together with the numerous other representations (from the Local Authority Associations and others) which I have since received on this subject, I have now formed an opinion as to the best package of assessments. This is outlined in the attached Annex.

There are still a number of decisions to take before we finalise the grant settlement. Before we can take these, we need to have finalised our views on the method of grant distribution. Subject to your views and those of colleagues to whom I am copying this letter, I propose that the distribution should be that set out in the Annex.

I am copying this letter to all members of E(LG), any other Departments effected by these proposals and to Sir Robin Butler. I should be glad of a response by 4th September.

Yours ever

DAVID HUNT

Rt Hon John R R MacGregor OBE MP

PROPOSALS FOR STANDARD SPENDING ASSESSMENTS

EDUCATION:

- Option 4 as exemplified in Annex B to the Report to CCLGF on Standard Spending Assessments ie with a 24% weight on AEN.
- A separate control total for the under 5's.
- Area cost adjustment based on wider labour market evidence.

PERSONAL SOCIAL SERVICES

- Option 2 as exemplified in the CCLGF Report ie the elderly domiciliary assessment based on an analysis of GHS data, with an average unit cost. For children, regression derived numbers in care formula with variable unit cost.

POLICE

- Option 1 in the Report ie establishments as the single indicator outside the Metropolitan Police area.

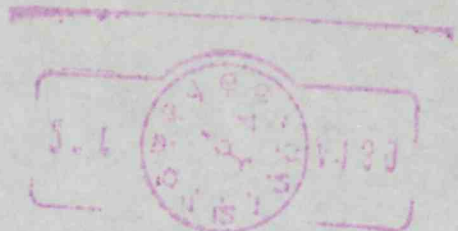
FIRE

- Option 3 in the Report ie regression based formula using population, and fire and false alarm calls.

HIGHWAY MAINTENANCE

- Option 1 as exemplified in the Report but with a higher weighting of 12:1 on HGV flows and a usage factor for winter maintenance.

OTHER SERVICES BLOCK



- The basic option 1 as in the Report but with the following amendments;
 - (i) the inclusion of visitor nights with a weight of 25%, in the population indicator.
 - (ii) a separate assessment for land drainage and coast protection based on actual expenditure, with a lag.
 - (iii) a separate element for interest receipts to be distributed in line with the total of SSAs.

CAPITAL FINANCING

- Debt charges in relation to pre 1990/91 capital expenditure to be distributed in line with past GREs, Option 1 in the Report.
- New capital expenditure to be based on Credit Approvals.
- Capital Receipts set aside for debt redemption to be distributed in line with the rest of this element.

AREA COST ADJUSTMENT

- The adjustment for labour costs only to be based on 1987 data from the New Earnings Survey, and extended beyond London to cover the whole of the South East.