



*CEPU*

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John MacGregor MP  
Secretary of State for Education and Science  
Department of Education and Science  
Elizabeth House  
York Road  
London  
SE1 7PH

*Mr MacGregor*

*stage.*

*REC  
14/9*

14 September 1989

*Dear Secretary of State,*

**LOCAL AUTHORITY CURRENT: DISTRIBUTION OF TOTAL STANDARD SPENDING AMONGST SERVICES**

In consultation with officials from all the main departments concerned, my officials have been considering how the announced Total Standard Spending (TSS) of £32.8 billion for England in 1990-91 can best be distributed amongst the main services provided by local authorities.

It is clearly not possible to identify a distribution that will meet all departments' aspirations in full. Although the TSS represents a 10½ per cent increase on this year's GREs, it amounts to only a 3.8 per cent addition to 1989-90 local authority budgets (to which the TSS will inevitably but erroneously be compared). It must also be accepted that, within the fixed announced total of standard spending, more for one department can only be secured at the cost of less for others.

Against that background, officials have attempted to draw up an appropriate distribution. My officials have had to take a tough line on the various bids for top-slicing within the total margin between 1989-90 budgets and 1990-91 TSB of £1,255 million. They have confined such top-slicing treatment to the police (where the total standard spending for that service must be consistent with police specific grant to be published in the Autumn Statement) and to teachers pay (where the figures must be consistent with the remit for the Interim Advisory Committee). I do not think that we should accept other top-slicing bids this year in view of the small margin available between 1989-90 budgets and 1990-91 TSS.

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... The remainder has broadly been divided pro rata to existing budgets for each of the other main services, although transport, health, fire and other environmental services have each been given a slightly larger share of the residual available. The overall outcome is set out in the attached table: for all services but the police, it implies a real cut on local authorities existing budgets. But, with the exception of the unavoidably more favourable treatment for the police and education, all departments are being asked to share the available amount broadly equally.

Clearly there is scope for difference in views and we could no doubt argue about marginal changes to the distribution. But as it stands it gives a presentable case, implying the need for efficiency savings across all local authority services. I doubt whether further deliberation could improve upon the distribution from the point of view of presentation; and it would only have a barely discernible impact on grant distribution. On that basis, I recommend the attached service distribution of total service spending to colleagues. (I should point out that the numbers may be subject to further minor changes to reflect final decisions on specific grant for the police and estimating changes on financing charges.)

I am copying this letter to the other members of E(LG), John Gummer, Richard Luce and to Sir Robin Butler.

*Yours sincerely,*

*P. Warless*

pp NORMAN LAMONT

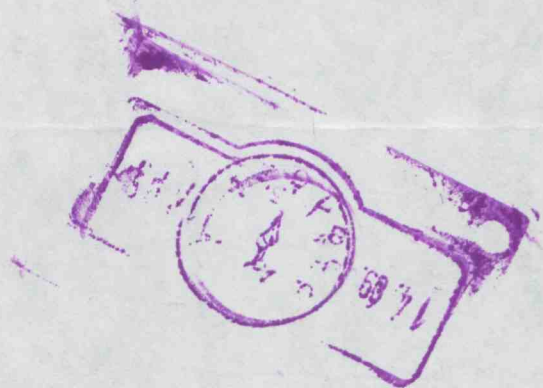
*[Approved by the Chief Secretary  
and signed in his absence.]*



PROPOSED DISTRIBUTION OF TOTAL STANDARD SPENDING 1990-91 BETWEEN SERVICES

	1989-90 adjusted budgets	1990-91 proposed standard spending	% Increase
Education	14448	15079	4.4
Personal Social Services	3563	3643	2.2
Police	3828	4190	9.5
Fire and civil defence	881	900	2.2
Highway maintenance	1542	1577	2.3
Other services	5671	5799	2.3
Total current expenditure*	29933	31188	
Financing items	1650	1612	
Total revenue expenditure	31583	32800	

\* includes certain non-current items, not included in financing items.





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PAUL GRAY

12 October 1989

LOCAL AUTHORITY CURRENT EXPENDITURE:  
DISTRIBUTION OF TOTAL STANDARD SPENDING AMONG SERVICES

Norman Fowler's letter of 10 October to Norman Lamont and E(LG) colleagues is important because it highlights just how tough this year's settlement is.

Once consultation with the local authorities takes place next month, much criticism will emerge that the Government is seeking to impose a 'cuts' package on local authorities who will then have no choice but to keep up essential services from higher community charges just to keep pace with inflation.

This has the potential to be very damaging, especially in areas like food safety and litter where enforcement is in the hands of local authorities and the Prime Minister is personally identified with policies aimed at increasing controls as well as improving services. The case for the defence will therefore need to be presented with vigour, but also with great care. It also needs thorough coordination across Whitehall, since many Departments are affected and they need to speak with one voice.

The background is in the table attached to Norman Lamont's letter of 14 September which initiated this correspondence. Comparing 1990/91 proposed standard spending with 1989/90 budgets (i e what is actually being spent this year) all service blocks face significant real cuts save the police.

The services involved are all-embracing:

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- education;
- personal social services;
- the environment (eg coast protection, pollution control);
- food safety and trading standards;
- waste management and litter;
- magistrates' courts.

It will be one answer to critics that, as always, actual local authority expenditure will be considerably above "needs" and that Government grant will in fact be over 8% up on last year's. Therefore, talk of "cuts" is misleading and what the Government is aiming at is ideal levels of efficiency which all prudent councils can attain, though perhaps not straightaway.

But this argument needs deploying with care. The more the Government is seen to argue that all expenditure above the 3.8% increase allowed in the July settlement is "unnecessary", "not sensible" or due only to socialist profligacy, the harder it will be to escape the 'cuts' label as the actual position in all authorities, including the prudent ones, emerges at 7% plus. Wandsworth's current projected increase, for example, is 12%, notwithstanding the best will in the world to get it lower.

This is why I was worried about the just-issued DOE circular on the community charge relief scheme which indeed labels any expenditure above 3.8% as "unnecessary".

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A particular difficulty is that, as Norman Fowler surmises, more than the whole cash increase for 'other services', (such as those in the list above) will probably be needed for community charge administration. Norman Fowler highlights the sensitivity of this and it makes it all the more crucial to choose words carefully to describe the nature of spending above the standard level.

Another particularly tricky area is food safety. The Food Bill to be introduced in the next Session involves new checks and controls designed to enhance food safety. These were heralded in the Food Safety White Paper which sought to reassure people that the Government had a credible strategy for minimising health risks from food. Many of the new controls will have to be carried out by local authorities.

Carolyn Sinclair advises that we have in Whitehall only a dim notion as to whether there are enough Environmental Health and Trading Standards Officers to do all this, and whether they are efficient. (The Audit Commission is looking at it but there will be no report until next year).

There is bound to be difficulty in rebutting charges that the whole policy on food safety is nugatory if there are insufficient resources at the local level to enforce controls. We shall have to argue that there are, provided they are deployed efficiently, but a starting-point which can easily be interpreted as a zero cash increase - ie a real cut in "needs" - will not make this easy.

NORMAN FOWLER'S PROBLEM : SHELTERED EMPLOYMENT FOR THE DISABLED

The short answer is that actual spending above the standard level should provide the necessary resources, paid for from

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the community charge. The Treasury will also argue that particular impacts such as this are hidden because it does not intend publicly to break down the £6 billion "other services" block into its component parts. But all local authorities will know broadly how it is split up and opponents could easily argue that the Government must know in order to establish standard spending levels in the first place.

### CONCLUSION

The settlement is deliberately tough, and the only way forward is to defend it on its merits and argue strongly the need to continue to get local authority spending down. But this must be accompanied by well-rehearsed arguments prepared by DOE and Treasury for all Ministers, so that no Department is, even unwittingly, out of line. In particular, consistency is essential on:

- the rationale behind the concept of standard spending: this is particularly crucial given that the new relief scheme is based on it and does not protect any community charge arising from all the spending above it;
- the fact that compared with last year's exchequer grant, this year's is very reasonable (8.5% up);
- the line taken about spending above the standard level. It will have to be said that, in accordance with local decisions, authorities may well choose to spend more than standard spending and that this need not be 'unnecessary' spending.

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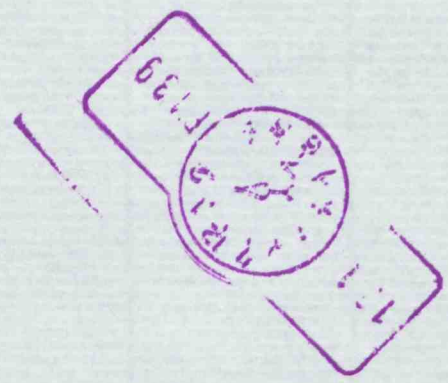
It seems essential to ensure that an agreed line to take on all this is in place, before the debate intensifies in public and in Parliament next month. This is especially important because the issues touch so many departments consequently giving much scope for ill-coordinated presentation of the Government's position. (We have already had enough difficulty on this front already regarding food safety). DOE need to take the lead, in consultation with the Treasury but also all other Departments (eg MAFF and Health on food safety) with an interest.

*John Mills*

JOHN MILLS

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1977



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Department of Employment  
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Secretary of State

The Rt Hon Norman Lamont MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

*nrblm*

*RLU*

*10/10*

10 October 1989

*Dear Chief Secretary*

**LOCAL AUTHORITY CURRENT EXPENDITURE DISTRIBUTION OF TOTAL  
STANDARD SPENDING AMONG SERVICES**

Thank you for sending me a copy of your letter of 14 September. *Jap*

It is relatively rare for this Department's ministers to comment on distribution issues, and I should not have done so on this occasion had not Chris Patten's reply of 22 September alerted me to a potential problem. If community charge collection is given first claim on resources within the Other Service Block (OSB), and the corresponding reductions in expenditure were to be spread evenly across the remaining services in the block, we would have to defend an absolute cut in funding of sheltered employment provided by local authorities for the disabled.

Although sheltered employment does not account for a large proportion of OSB expenditure (just over half of one per cent), a cut of this order could result in the loss of up to around 400 sheltered places, causing some severely disabled people to lose their jobs, with all the adverse public and political reaction that this would entail.



Employment Department · Training Agency  
Health and Safety Executive · ACAS

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Secretary of State  
for Employment

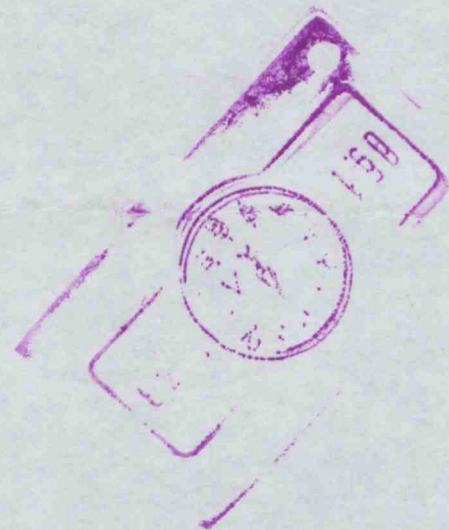
Other services in the block will no doubt be affected in similar ways once the decision is taken to fund from this block the cost of collecting the community charge. I am copying this letter to other members of E(LG), John Gummer, Richard Luce, and Sir Robin Butler.

*Yours sincerely*

*for* *Liz Smith*  
**NORMAN FOWLER**

Approved by the Secretary of State and  
Signed in his absence





*five*

MR. MILLS

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LOCAL AUTHORITY CURRENT EXPENDITURE: DISTRIBUTION OF TOTAL STANDARD SPENDING AMONG SERVICES

Thank you for your note of 12 October.

I sense that what you are saying between the lines is that this year's settlement is too tough. But that, of course, is water under the bridge.

I see your point about not harping on too strongly about 'unnecessary' spending on local authorities. But there is a difficult balance to be struck here. And it will be important in defending the new Community Charge package for the Government to be able to say that no former ratepayer need be more than £3.00 a week worse off if local authorities behave responsibly.

I recognise that there are some bits of local authority spending to which Ministers - and the Prime Minister in particular - attach a strong importance. But this is not a new phenomenon. Can we not get through the problem by emphasising that overall the Government believes local authorities should be able to manage on the basis of 'standard spending' if they behave efficiently and effectively? There is a lot of ammunition to draw on from things like reports of the Audit Commission.

PAUL GRAY

13 October 1989

C:LA (slh)



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PAUL GRAY

17 October 1989

LOCAL AUTHORITY CURRENT EXPENDITURE:  
DISTRIBUTION OF TOTAL STANDARD SPENDING AMONG SERVICES

Thank you for your note of 13 October. *flat*

Let me rehearse the key arguments once more, and then I leave it to your judgement as to what, if any, action should be taken. The settlement is, as you say, water under the bridge and the issue now is one of presentation.

My worries on this score remain. There will be accusations, fair or foul, that the Government is seeking to impose significant real cuts on key services. The relative generosity of the settlement compared with this year's grants will be forgotten and the comparison simply made with this year's spending. Anyway it is the latter that will be used to compare community charge with rates.

Against this background, I sense confusion about the view which the Government wishes to convey about spending above the standard level. This will be exploited by opponents, and leave the Prime Minister exposed, particularly (but not only) on issues like food safety with which she is closely identified. Four descriptions of the situation have emerged: that spending above standard is either

- unnecessary;
- irresponsible;
- capable of elimination through greater efficiency and effectiveness; or
- a matter of local choice, entirely financed by the community charge.

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(i) "unnecessary"

This is, we are I think agreed, an intrinsically unwise word, and should be dropped absolutely in the hope that there is no adverse reaction to its use in the DOE circular.

(ii) "irresponsible"

This is really not much better. As Chris Patten has already noted, of the extra cash available of £1.2 billion in the settlement, three 'Government' items (police and teachers pay, and collecting the community charge) will take up all but £110 million of it, this small remainder to be spread around services costing this year £11.5 billion. This is why virtually every council will be spending above standard.

I believe it would be very damaging if they are all denounced together as "irresponsible". Most are manifestly not, and such language will alienate supporters (never mind opponents). I have already quoted Wandsworth's estimate for expenditure next year (12% above budget). I have now acquired another: Somerset County Council (10%). I'm sure many others in the shires and non-metropolitan districts will be similar. The Prime Minister should not be drawn into a position where she has to argue that such authorities are acting "irresponsibly".

(iii) "efficiency and effectiveness"

This argument has similar difficulties if used bluntly. Of course the room for greater efficiency should be stressed (pointing to the Audit Commission's evidence). This includes the benefit next year and beyond from the wider competitive tendering rules introduced this year.



But even this has its limits. In Somerset, for example, a competitive tender for school meals has just been won in-house, at a 5% saving. This is relatively low because it follows a 10% saving already achieved over the last two years under a progressive, business-minded authority. Ditto with vehicle maintenance, where the big saving, closure of a central depot, has already been made. In Wandsworth, as I said earlier, hope is now being pinned on school closures, but the savings will take at least two years, possibly more, to come through. (Their old central depot is now a giant Sainsbury's!)

The gist of this is that efficiency has a major part to play, but in well-run authorities it has been a watchword for a long time, which reduces the impact of further improvements. I think it is too simplistic to say that overall all councils could manage next year at standard spending if they were as efficient and effective as they should be. It's better to present standard spending as an ideal target which authorities must aim at but failure to reach which does not necessarily brand them as wanting.

(iv) "choice"

This was simply stated in Lord Hesketh's statement. It contrasts with the other three above in not being emotive and fitting in, as a principle, to the whole community charge policy. If we believe in it, we should therefore not denigrate it.

CONCLUSION

It seems a given that if the elements for confusion exist, then confusion will follow. And it's an area of great



sensitivity where opponents of the Government will be doing their best to score points. If the Government appears not to be speaking with one voice the embarrassment will pass quickly to the Prime Minister.

The position is intensified because of the new relief scheme which will bring the slightly metaphysical distinction between standard spending and spending above it into the forefront of debate.

Thus I feel that the presentational aspect needs to be fully thought through sooner rather than later when the initiative may be lost.

The best elements of the Government's case might be:

- acceptance that the settlement is tough, and deliberately so, but tough in relation to this year's spending not this year's grant. All this in the context of the continuing need to get local authority expenditure under control.
- while in a good number of specific cases expenditure above needs may be irresponsible, in many others it will simply indicate the element of local choice. That's up to individual councils, but accountability through the community charge will gradually act as a discipline. The situation where higher spending automatically led to higher grant is now ended.
- emphasis on the scope for efficiency improvement but without the implication that spending above needs necessarily implies inefficiency.
- defensive material about the position in earlier years where grant, taken alone, also implied "cuts" compared with previous year budgets.

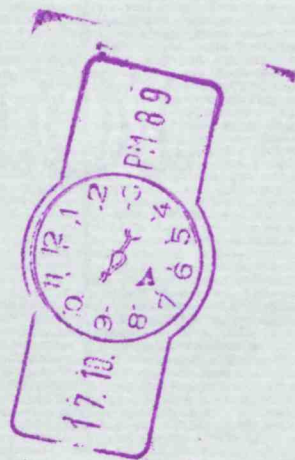


The aim in my view ought to shift the presentational emphasis to choice, with standard spending as a target to aim at but not necessarily hit. One then gets away from emotive terms like "irresponsibility" which, if they gain currency in Government statements, will simply create bad feeling. In the past such words have mainly been used for the likes of Lambeth and we really should avoid tarring a huge range of councils with the same brush.

*John Mills*

JOHN MILLS

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*Alle*

JOHN MILLS

LOCAL AUTHORITY CURRENT EXPENDITURE:

DISTRIBUTION OF TOTAL STANDARD SPENDING AMONG SERVICES

Thank you for your further note of 17 October.

I still do not think we still see eye to eye, but I do take your point about not going too far in the "irresponsible and unnecessary" direction. I have discussed all this with Roger Bright in the Department of the Environment Private Office, and I hope he will now ensure your points are borne in mind.

*fac.*

PAUL GRAY

20 OCTOBER 1989

C:POLICY.MRM



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RHC 6

30/10

Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon John MacGregor MP  
 Secretary of State for Education and Science  
 Department of Education and Science  
 Elizabeth House  
 York Road  
 London  
 SE1 7PH

30 October 1989

*Dr J*

**DISTRIBUTION OF TOTAL STANDARD SPENDING AMONGST SERVICES**

I am grateful to you and other colleagues for your agreement to the proposed approach to the distribution of Total Standard Spending (TSS) amongst services, which I proposed in my 14 September letter.

2 I explained in that letter that the numbers were subject to further changes. All the relevant decisions have now been taken, and I attach the final service distribution. As you will see, the figures are very little different from those in my earlier letter. The size of the Police block has been slightly reduced, and the size of the Fire and Civil Defence block is also lower, as a result of the decision, for 1990-91 only, to fund the Fire Service College by top-slicing revenue support grant. The extra margin has been distributed amongst service blocks pro-rata to their existing share.

3 Perhaps I could take this opportunity to clear up the issue which Norman Fowler raised, in his letter of 10 October, about the problems which could be implied for Sheltered Employment, if the Other Services Block were to be disaggregated. There are two points here. First, the Other Services Block will not in fact be disaggregated under the new system. Second, Norman will in any case be able to point to the level of specific grant available for sheltered employment in 1990-91 and the number of places this will support.

4 The Treasury is issuing separately guidance to Departments on the presentation of local authority components of the Survey and grant decisions.

5 I am copying this letter to the other members of E(LG), John Gummer, Richard Luce, and to Sir Robin Butler.

*N. Lamont*

**NORMAN LAMONT**



## DISTRIBUTION OF TOTAL STANDARD SPENDING FOR 1990-91 AMONGST SERVICES

	1989-90 adjusted GRES	1989-90 adjusted budgets	1990-91 standard spending (14 Sept proposals)	1990-91 standard spending (final figures)	% Increase (final figures)	
					on budgets	on GRES
Education	13774	14448	15079	15083	4.4	9.5
Personal Social Services	3217	3563	3643	3648	2.4	13.4
Police	3709	3828	4190	4178	9.1	12.6
Fire and Civil Defence	786	874	900	895	2.4	13.9
Highway Maintenance	1478	1542	1577	1578	2.3	6.8
Other Services	5092	5671	5799	5806	2.4	14.0
<b>Total current Expenditure</b>	<b>28056</b>	<b>29926</b>	<b>31188</b>	<b>31188</b>		<b>11.2</b>
Financing items	1582	1650	1612	1612		1.8
<b>Total revenue Expenditure</b>	<b>29638</b>	<b>31576</b>	<b>32800</b>	<b>32800</b>		<b>10.7</b>

Local Gov't: Relations  
PT 37







DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for ~~Social Services~~ Health

G8144p

NBFM

REC 6

4/10

04 OCT 1989

The Rt Hon Norman Lamont MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

Dear Norman,

file with D.C.

LOCAL AUTHORITY CURRENT EXPENDITURE: DISTRIBUTION OF TOTAL STANDARD SPENDING AMONGST SERVICES

Thank you for copying to me your letter of 14 September to John MacGregor in which you set out your proposals for the distribution of Total Standard Spending for 1990/91 by service.

We must avoid the danger of your proposals being interpreted as indicating very different Government signals by service on how local authorities should allocate their priorities next year. Our earlier decision on TSS was at the time inevitably not fully informed by the later pay settlements for police and teachers. This confirms my view that it would be better to settle the aggregate for local authority expenditure at the same time as decisions on the police specific grant and after the major pay awards are known. This would allow for a more sensible split by service and give a more balanced Government signal to the authorities. After fully top-slicing the small cash increment over current budgets within TSS for police and teachers' pay, the remaining sum is very difficult to allocate between the other services. You will know that PSS has a case for special consideration because of demographic and similar pressures mainly stemming from the rapidly increasing population aged 85 and over, child abuse and AIDS, plus new burdens resulting from Government legislation particularly the Children Bill. My earlier bid took a tough view of these pressures, anticipated considerable efficiency savings and was much lower than that put to CCLGF for PSS by the Local Authority Associations.

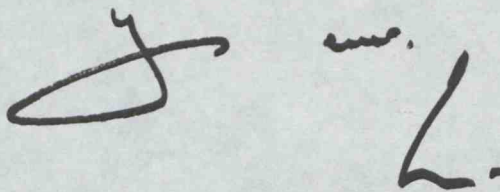
Your proposals could be difficult to explain. Clearly in this first year of New Planning Totals we do not wish to give the impression that they represent Government signals for each service at all. I trust that colleagues will ensure that we all emphasise Total Standard Spending and Aggregate External Finance, rather than the split by service which is necessary for distributing grant to authorities. In reality, local authorities will determine their own priorities and the service splits that the Government makes are of technical importance only.



**E.R.**

long as colleagues agree with this common understanding and to a reconsideration next year of moving the settlement date for TSS and AEG to the Autumn, I agree with you that there is little room to manoeuvre this year and that a battle over a relatively small sum would be counter-productive.

I am copying this letter to the other members of E(LG), John Gummer, Richard Luce and to Sir Robin Butler.

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a smaller 'C' and a horizontal line.

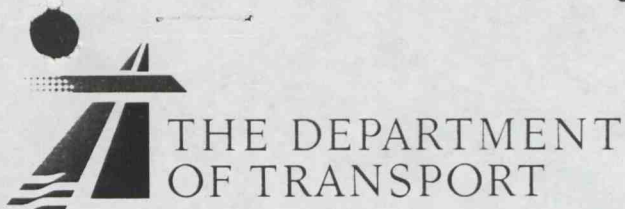
KENNETH CLARKE





LOCAL AUTH. Relations





FROM THE SECRETARY OF STATE

The Rt Hon Norman Lamont MP  
 Chief Secretary to the Treasury  
 HM Treasury  
 Treasury Chambers  
 Parliament Street  
 LONDON  
 SW1P 3AG

2 MARSHAM STREET LONDON SW1P 3EB  
 TELEPHONE 01-276 3000

My Ref:

Your Ref:

*Dear Sir,*

26 SEP 1989

**LOCAL AUTHORITY CURRENT: DISTRIBUTION OF TOTAL STANDARD SPENDING AMONGST SERVICES**

Thank you for sending me a copy of your letter of 14 September to John MacGregor.

I have considered the proposals in your letter, and can see no alternative way of allocating the total which would on balance be more defensible than what you propose.

I must nevertheless put on record the extreme difficulty that only £35m extra for road maintenance is going to cause me. Well over £200m is needed to deal with various extra costs - of turning round the condition to which local roads have deteriorated; of meeting the EEC bridge requirements; of the increase in tender prices outside local authority control; and of coping with the increasing size and use of the local road network. The figures in E(LF)89/2 allowed for some £40m (3%) efficiency savings - a higher percentage than for any other service. I think there is potential for more; but to suggest that even half the gap can be closed is totally unrealistic. In defending the allocation I shall not be helped by the fact that the Audit Commission recommended that such savings should all be ploughed back into additional structural maintenance.

The need to improve the condition of local roads will not go away. By making totally inadequate provision we are not avoiding expenditure, but deferring it. The result of such a policy, as we know only too well, is further deterioration and greater expenditure requirements in the long run. The criticism we are already receiving from the Transport Select Committee, local authorities, the business sector, and road users generally will intensify and become impossible to counter convincingly.



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I feel I have no choice but to accept your proposals for 1990/91, but I believe that next year we shall need to look again at the way we take these decisions, in the light of our experience of how prominent these figures prove to be in the reception of the new system and the political response to it.

/ I am sending copies of this letter to colleagues on E(LG), to John Gummer, Richard Luce and Sir Robin Butler.

*Yours Sincerely,  
Cecil*

CECIL PARKINSON

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22/9/89  
157

CEPU

2 MARSHAM STREET  
LONDON SW1P 3EB  
01-276 3000

The Rt Hon Norman Lamont MP  
Chief Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

My ref:  
Your ref:

NBLM

REC  
2/9

22 September 1989

Dear Chief Secretary

LOCAL AUTHORITY CURRENT EXPENDITURE  
DISTRIBUTION OF TOTAL STANDARD SPENDING AMONG SERVICES

Flap.

Thank you for sending me a copy of your letter of 14 September.

The proposals you set out imply an increase of 2.3% or £128 million for spending on the Other Services Block. This Block includes the cost of collecting the community charge, which will be more than the cost of rate collection now. On the basis of the Price Waterhouse report, we have estimated that the new burden will be £200 million, and we are committed to ensuring that this need will be met. It will therefore have to be a first claim on resources within this Block. Your proposals therefore imply that all other services in the Block (listed in the annex) can be provided next year for £72 million less in cash terms than this year.

This is bound to be seen as a weakening of our commitment to environmental issues, pressures for high standards on waste disposal, environmental protection (including food hygiene) and the increased volume of planning application and appeals. Moreover, it would be argued by our opponents that it is our policy that the community charge should be paid for by cuts in these areas.

Nevertheless, I reluctantly accept that within the total available it will not be possible to achieve any better distribution of services. If we do agree to the figures you suggest, this would however imply that colleagues responsible for particular components within the other services Block should adopt an approach towards their service which makes it clear that the Government believe there is scope for substantial real cuts.

I am sending copies of this to the other members of E(LG), John Gummer, Richard Luce and to Sir Robin Butler.

Yours sincerely

Chris Patten

CHRIS PATTEN

(approved by the Secretary of State and signed in his absence)





Local Govt Pt 37  
Relations.

CONFIDENTIAL

*ecfu*



QUEEN ANNE'S GATE LONDON SW1H 9AT

*WSPM*

*REC*

22 September 1989

*W/S*

*Dear Norman,*

LOCAL AUTHORITY CURRENT: DISTRIBUTION OF  
TOTAL SPENDING AMONGST THE SERVICES

Thank you for copying to me your letter of *14* September to John MacGregor. *flap*

I am grateful for the recognition that standard spending for the police service should reflect the level of specific grant agreed in PES. The same issue does, of course, arise for my other grant services. We have already settled the grant figures for magistrates' courts and probation which imply standard spending of £455m. Although these two services (along with the minor Home Office services) have been subsumed in the 'other services' block it is important that we should be able to say that the grant figures, which will be published, represent 80% of standard spending. Although I understand that the Department of the Environment do not wish to disaggregate standard spending for the 'other services' block, we shall not be able to avoid doing so in the case of probation and magistrates' courts. Local authorities will, after all, be able to make the calculations themselves.

I am concerned that it is not possible to provide a standard spending assessment for fire and civil defence which does more to reflect the authorities' likely level of necessary spending. The problem is particularly acute for the Fire and Civil Defence Authorities which, unlike multi purpose authorities, have little room for manoeuvre if (as may well be the case) their assessment understates their spending needs. However, I accept that without an increase in total standard spending there is simply no more cake left to distribute.

I am copying this to the recipients of your letter.

*Yours,  
Douglas*

The Rt Hon Norman Lamont, MP  
Chief Secretary  
Treasury

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