



ELIZABETH HOUSE  
YORK ROAD  
LONDON SE1 7PH  
01-934 9000

*NBM*

*Alc6*

*17/10*

*APU*

The Rt Hon Chris Patten MP  
Secretary of State for the Environment  
Department of the Environment  
2 Marsham Street  
LONDON SW1P 3EB

16 OCT 1989

*Dear Chris,*

COMMUNITY CHARGES: STANDARD SPENDING ASSESSMENTS

Your minute *attached* to the Prime Minister of 10 October asks for agreement to your proposed SSA package in order to finalise the local authority settlement.

I am content with your proposals in general but I was disappointed that you had not accepted the points made by Cecil Parkinson and me on the treatment of capital receipts in the SSA for capital financing. However, I understand that officials have since had a further look at this element, and are working towards a compromise which maintains an incentive to create capital receipts but nevertheless recognises that some areas are in a better position to do so than others. A change of the type under consideration would go a long way towards meeting my objections, and I think I can accept the whole package if a modification to this effect can be achieved.

I am copying this to the Prime Minister and to other members of E(LG) and Sir Robin Butler.

*Yours ever,*

*Joh*



*[Faint, illegible handwritten text]*

