

S E C R E T

1(a-b)



PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

8 January 1990

Notes at this stage.

Page 101

Dear Secretary of State,

1990/91 LOCAL AUTHORITY GRANT SETTLEMENT

Following the meeting on Thursday I have been giving further thought to how best to respond to the adverse picture being presented by our own folk in local government. I take, by way of example, the Surrey Councils, including my own Tandridge District.

I attached to my minute of 22 December a copy of David Wilshire's assessment of the position in Spelthorne. I have since received your letter to me of 22 December. But that takes no account of the case made in the two letters that I now enclose:

- (a) one from the Chairman of Surrey County Council to all MPs, dated 1 December;
- (b) one from the Chief Executive of Tandridge District Council, dated 21 December.

What I find so very surprising about all this is that their case bears no relation to the one rather tersely made in your letter to me of 22 December. Strangely too the figures you quote there do not coincide with those that Douglas Robertson set out on page 2 of his letter to you of 1 December. Surrey state that their spending in 1989-90, including drawing on balances, will be £442 million, not £423 million, which gives a percentage increase of 9.7% to a 1990-91 figure of £485 million. And I am unable to square any of these figures with the 30% which John Major quoted at our meeting last Thursday.

To the extent that the increase in Surrey's spending plans is covered by the long practice of spending above GRE for reasons that have been accepted locally, or by their decision not to continue drawing down on balances (£22 million for Surrey as a whole last year according to David Wilshire's note), we should acknowledge this. But we need to disentangle this from planned growth in the actual level of spending which we can demonstrate from figures that they will not challenge.

S E C R E T

A second feature of the correspondence I find surprising is the extent to which opinion has moved against us since the Chairman of Surrey's Policy Committee, Gerald Mortimer, wrote to you on 27 July; he then acknowledged that the arrangements for the safety net were not unfair. Mortimer went much further in his statement to Surrey County Council which he sent Surrey MPs on 7 August; I enclose a copy. The figures on page 3, in particular, show that the contributions to the safety net are largely offset even in the first year by grant gains, and that by the end of the transitional period all Surrey districts will be gaining significantly.

Hopefully these figures are matched by similar ones for most, if not all, of the other areas that are currently complaining. We need to work such figures prominently into our public response. They serve to show the local application of the general point stressed at our meeting that, for example, Surrey will gain 26.3% total Exchequer support under the new system (as in Table A (v) attached to your minute of 3 January).

We agreed last Thursday that you and David Hunt would take the lead in preparing detailed information to be used to put our case across. In my view, we need for the Surrey example a letter that I and all the other local MPs can use in dealing at a constituency level with letters such as that from my own District Chief Executive, Colin Rockall. This should give a reasoned rebuttal in non-technical language of the criticisms now being voiced. The points above, taking full account of their own earlier material (with specific figures updated if necessary), should play a prominent part in that letter.

Finally, I have just seen a copy of a circular letter of 3 January from Peter Eva the Leader of Windsor & Maidenhead Council. The criticism that councils who have registered a greater proportion of the population than expected will lose because their grant per head will be reduced, but not their SSA per head, because the number registered affects grant but not SSA, is I think a new one. I should be very glad to know what is the best response to this criticism.

I should be glad to have a word with you once your people have had a chance to knock a draft into shape. I emphasise that I have taken Surrey as an example simply because it is the only one I begin to understand. But the points I have made are surely of much wider application.

I am copying this minute to the Prime Minister, John Major, Norman Lamont, Tim Renton and David Hunt, and to Sir Robin Butler.

Y sincerely,

W. Hunt

pp. GEOFFREY HOWE

*(Approved by the Lord President
and signed in his absence)*

Chris Patten QC MP
Secretary of State for the Environment