



John Gieve Esq  
Private Secretary  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

Note The Scottish Office to Paris  
each. Team subsequently  
told us they had agreed the actual  
related to the Minister  
RCCG W/H

SCOTTISH OFFICE  
WHITEHALL, LONDON SW1A 2AU

CCPA  
CCP

Prime Minister

This has come in late this evening; Mr. Redford  
plans to make a statement tomorrow.

The scheme as it has emerged has a considerably  
more formal feel to it than I think you  
envisaged. But are you content  
for the Scots to set this at with the Treasury?  
3 April 1990

Dear John

RCCG  
3/4

Yes  
mr

As you know my Secretary of State has undertaken to give Parliament  
fuller details of the scheme which it was agreed he would introduce in  
Scotland following the decision to increase capital limits for some  
community charge benefits from April this year. I attach the text of the  
statement which he proposes to make tomorrow.

The scheme is reasonably straightforward, though some of the precise  
details remain to be discussed with local authorities. We envisage that  
anyone who is eligible for the personal community charge from 1 April  
1990 with savings of between £8,001 and £16,000 and is eligible for rebate  
in the present year will get a special lump sum payment calculated as the  
same percentage rebate, applied to the community charge which they paid  
last year. It is slightly more complex than the scheme suggested by  
Treasury officials (which involved everyone with savings in that amount  
simply getting a cash payment of the amount equal to the rebate which  
they are getting in the current year, irrespective of what payment of the  
community charge they paid last year). While that would be  
administratively simpler, it would involve undue generosity which would  
be the subject of justifiable criticism, and my Secretary of State would  
prefer a slightly more targeted scheme. We are discussing the  
administration of the scheme with local authorities (who suggested an even  
more tightly targeted version) and will come to a final conclusion on that  
point and a number of other details shortly.

My Secretary of State has also come to the conclusion that it would be  
necessary to operate this scheme by means of a minor amendment to the  
community charge transitional relief regulations, and so avoid any need  
for DSS to make regulations consequential upon the scheme. (Any effect  
of these payments on liability for rebate could be dealt with in these  
regulations). So DSS would not be involved in the administration of the  
scheme itself. All the work would fall on local authorities, who would be  
reimbursed for reasonable administrative costs. Discussions of the details  
of that are also proceeding. Proceeding by regulation also has a side  
benefit of offering a clear legal basis for local authorities to make these  
payments, and so avoids any serious risk of challenge, which would have  
followed, we are advised, from an entirely extra statutory scheme.

It would be helpful to have comments as early as possible in the course of tomorrow.

I am copying this letter to Paul Gray, Tim Sutton, Murdo Maclean, Stuart Lord, Roger Bright, Douglas Slater, Bernard Ingham, Sonia Phippard and Carys Evans.

*y*  
*Jur*  
*Jim Gallagher*

**J D GALLAGHER**  
Private Secretary

## DRAFT STATEMENT

Mr Speaker, with permission I should like to make a statement on the introduction of a scheme in Scotland which takes account of the fact that the increase in the upper capital limit for community charge benefit which my rt hon Friend the Chancellor of the Exchequer announced in his Budget Speech cannot be applied retrospectively.

I propose to set up a short-term scheme outside the social security benefits system to provide for special payments to those affected in Scotland. We have in mind <sup>now</sup> individuals who are single persons, or one of a couple, with capital resources of between £8,001 and £16,000 who were liable for the personal Community Charge during 1989-90 but were not eligible for rebate because their resources exceeded the maximum capital limit. The scheme which we are discussing with COSLA envisages that these people will get a special payment which will be the same proportion of the community charge that they paid last year as their rebate is of this year's bill. I intend to make minor amendments to the transitional relief regulations in order to implement the scheme.

I have already indicated that we believe that around 15,000 to 20,000 individuals might be eligible. Expenditure will depend on the precise numbers benefiting but I consider that a scheme of the kind I have described will require financial provision of up to £4 million, to cover both the value of payments and administration costs. The sum of up to £4 million is marginal in relation to the total resources of £9.5 billion available to me and will be found as part of the normal process of managing my programmes, in which projected underspends and overspends are managed as a process of good housekeeping throughout the year. No spending programme will be cut.

I believe that with this scheme the Government have shown willing to respond to the concern which was expressed in Scotland about the implications of the increase in the upper capital limit.

CONFIDENTIAL



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RU

PRIME MINISTER

I enclose a copy of the final version of the Statement I am making to the House this afternoon on charge capping.

There are two particular points I should draw to colleagues' attention about the list of designated authorities. The 20 authorities I am designating today includes Brent but does not include Lambeth.

In my paper to E(LG) on 28 March I indicated that if Brent had budgeted in accordance with the statute it would have been 11.8% and £131 per adult above SSA and hence not caught by the criteria. Since then my officials have been in touch with the Council which has supplied new information about its budget, the effect of which is to bring it back into the field for capping. Its budget for £249.3m is 16.1% or £178 per adult above SSA and therefore caught by the criteria.

Paragraph 12 of the statement indicates that I am not today designating Lambeth. This is because it set a new, lower budget on 29 March but has not yet formally notified me of the revised figure. They have seven days from setting the revised budget to do this. Once I have the figure I shall apply to it the selection criteria I am today determining for Inner London boroughs. If Lambeth's new budget meets the criteria it will then be capped - I understand informally that Lambeth's new budget is £293.0m, on which basis it would be caught by my criteria. If Lambeth is to be capped I shall consult my colleagues on the proposed cap which will need to take account of the new budget.

I am copying this minute to the other members of E(LG), to the Chief Whips in the Commons and the Lords and to Sir Robin Butler.

*RBG*

CP

3 April 1990

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

**DRAFT STATEMENT BY THE SECRETARY OF STATE**

1. With permission, Mr Speaker, I should like to make a statement about community charge capping in England.
2. Local authorities have now set their budgets and charges for 1990/91. Authorities' budgets total £35.8 billion. This is a 16% increase on 1989/90 and 9% above the figure for Total Standard Spending of £32.8 billion which we provided in our Settlement. Overall chargepayers are being asked to contribute some 30% more than domestic ratepayers in 1989/90, despite the fact that we increased central support to local authorities by 8.5%.
3. It is deplorable that local authorities have chosen to budget at these levels putting an unacceptable burden on local people. There is no justification for the level of charges which many authorities have in practice set. The average charge is £363 in England, ranging from a horrendous £573 in Labour controlled Haringey to £148 in Conservative controlled Wandsworth. It is little wonder that strong feelings have been expressed up and down the country about the level of many charges, and I can understand the feelings of outrage of a number of my Hon Friends when faced with the burdens some authorities have chosen to impose on local people.
4. The simple fact is that high charges are the direct result of authorities' own budget decisions over the years. In time I believe that the ballot box will bring greater prudence and realism to local spending decisions. That is the local accountability which is central to our new system of local government finance.
5. But, Mr Speaker, Parliament has given me powers in the Local Government Finance Act 1988 to cap those authorities whose budgets are excessive and to require them to reduce their excessive plans. We have always recognised that in the

early years of the new system the new accountability pressures would not be fully effective, and there may be a greater need for capping. After having carefully examined all the information available to me about local authorities' budgets, I have to tell the House that I have decided to exercise my capping powers for 1990/91.

6. Under the 1988 Act I can select authorities for charge capping if in my opinion their budgets are either excessive or represent an excessive increase over the previous year. I am not empowered to select any authority whose budget is below the statutory threshold of £15m. For 1990/91, I have decided to select authorities whose budgets are in my opinion excessive in absolute terms.

7. Selection of authorities for capping has to be on the basis of general principles. I cannot pick and choose. I can adopt different principles for different classes of authorities. But the principles should apply equally to all authorities within the same class. I have decided for 1990/91 to apply the same principles to all the classes of authorities in the Act except that for inner London Boroughs, I have decided to make a special allowance for overspending inherited from ILEA.

8. The best measure of the excessiveness of an authority's budget is an assessment of its overspend against its Standard Spending Assessment or SSA. This overspend represents the sum by which its budget exceeds the amount we consider it appropriate for the authority to spend to provide a standard level of service, consistent with Total Standard Spending of £32.8bn. This is similar to the approach we adopted when selecting authorities for rate capping where we used the benchmark of overspend against GRE.

9. The principles I am adopting are as follows.

First, for the purposes of capping I judge an authority's budget to be excessive if it exceeds its SSA by at least 12½% and by at least £75 per adult.

Secondly, an authority is designated for capping only where its overspend per adult above the 12½%/£75 per adult benchmark for excessiveness is at least £26 per adult. This is a £26 per adult "de minimis" provision to avoid requiring authorities to reduce their budgets for the sake of only a small reduction in the burden on their chargepayers.

10. The special allowance I am making for inherited ILEA overspend means that for inner London boroughs I have deducted from each Borough's budget, for the purposes of comparison with SSA, the amount of its inner London education grant entitlement as set out in the Special Grant report approved by the House on 18 January.

11. By applying these principles to authorities' budgets for 1990/91 I am designating for capping 20 authorities. These are, in alphabetical order: Avon, Barnsley, Basildon, Brent, Bristol, Calderdale, Camden, Derbyshire, Doncaster, Greenwich, Hammersmith and Fulham, Haringey, Hillingdon, Islington, North Tyneside, Rochdale, Rotherham, St Helens, Southwark and Wigan. All these authorities are budgeting significantly in excess of their SSAs both relative to the SSAs themselves and in terms of pounds per adult. For the information of the House I am laying in the Library tables showing for all authorities how their budgets compare with their SSAs. Copies are available in the Vote Office.

12. I am not today designating Lambeth. That Council set a budget of over £305 million early in March. I understand that last Thursday - some three weeks after making that budget - they changed their minds and set a new lower budget and a

charge of £548. Under the statute the Council have seven days from then to supply me with the information I need to take my decisions in relation to that authority. To date they have not done so. When I receive the information I shall apply the principles I have determined for Inner London Boroughs to Lambeth's budget. If their budget is more than £284.2 million on this basis Lambeth would be capped.

13. Some of the overspends are spectacular by any standards. Take, for example, Basildon: 194% and £154 per adult above SSA. Or Greenwich: 32% and £314 per adult above SSA even after allowing for inner London education grant.

14. For each of the 20 authorities designated on the basis of my general principles I am also proposing caps - that is, the levels to which we are proposing that authorities should reduce their budgets. I have made available in the Vote Office and shall be printing in the Official Report a table showing for each designated authority the cap I am proposing and the budget cuts implied by it. In each case I am satisfied on the basis of all the information available to me that my proposals are reasonable and appropriate in all the circumstances of the individual authorities concerned. The reductions in the charge which would be implied by the caps range from around £100 in the case of Hammersmith and Fulham to about £30 in the case of St Helens.

15. As required by the statute I am today notifying each of these authorities that it has been designated for capping, the principles on the basis of which it has been designated and the amount of the cap I propose. The authorities then have 28 days in which to tell me, if they so wish, whether or not they accept the amount proposed. If they do not, they must suggest an alternative figure together with the reasons for it. In such circumstances it is open to me to set the final cap at a higher, lower or indeed the same level as the one I



proposed. If an authority does not accept my proposed cap, I have to set the cap by order, a draft of which must be approved by this House.

16. Once the final caps have been set the authorities concerned have to set new, lower budgets reflecting their caps. These then feed through to new, lower charges for the chargepayer. How long the process takes depends in part upon how authorities react to the caps which I am today proposing. But I would expect all authorities to have set new budgets by June or July with new charges for chargepayers following as soon as possible thereafter.

17. I must say this to the House. I would much rather not have had to use my capping powers. But Parliament has provided them to protect the charge payer against excessive spending, and it is clearly right that I should use them. I am satisfied that the authorities I have selected are in this position and that their budgets should be reduced. My proposals will do just this to the benefit of over 4 million chargepayers.

## Community Charge Capping

3.30 pm

**The Secretary of State for the Environment (Mr. Chris Patten):** With permission, Mr. Speaker, I should like to make a statement about community charge capping in England.

Local authorities have now set their budgets and charges for 1990-91. Authorities' budgets total £35.8 billion. This is a 16 per cent. increase on 1989-90 and 9 per cent. above the figure for total standard spending of £32.8 billion which we provided in our settlement. Overall, charge payers are being asked to contribute about 30 per cent. more than domestic ratepayers in 1989-90, despite the fact that we increased central support to local authorities by 8.5 per cent.

It is deplorable that local authorities have chosen to budget at these levels, putting an unacceptable burden on local people. There is no justification for the level of charges which many authorities have in practice set. The average charge is £363 in England, ranging from a horrendous £573 in Labour-controlled Haringey to £148 in Conservative-controlled Wandsworth. It is little wonder that strong feelings have been expressed up and down the country about the level of many charges, and I can understand the feelings of outrage of a number of my hon. Friends when faced with the burdens that some authorities have chosen to impose on local people.

The simple fact is that high charges are the direct result of authorities' own budget decisions over the years. In time, I believe that the ballot box will bring greater prudence and realism—*[Interruption.]*—

**Mr. Speaker:** Order.

**Mr. Patten:** —to local spending decisions. That is the local accountability which is central to our new system of local government finance.

But Parliament has given me powers in the Local Government Finance Act 1988 to cap those authorities whose budgets are excessive and to require them to reduce their excessive plans. We have always recognised that in the early years of the new system the new accountability pressures would not be fully effective, and there may be a greater need for capping. After having carefully examined all the information available to me about local authorities' budgets, I have to tell the House that I have decided to exercise my capping powers for 1990-91.

Under the 1988 Act I can select authorities for charge capping if, in my opinion, their budgets are either excessive or represent an excessive increase over the previous year. I am not empowered to select any authority whose budget is below the statutory threshold of £15 million. For 1990-91, I have decided to select authorities whose budgets are in my opinion excessive in absolute terms.

Selection of authorities for capping has to be on the basis of general principles—*[Laughter.]*

**Mr. Speaker:** Order.

**Mr. Patten:** I cannot pick and choose. I can adopt different principles for different classes of authority, but the principles should apply equally to all authorities within the same class. I have decided for 1990-91 to apply the same principles to all the classes of authority in the Act,

except that, for inner London boroughs, I have decided to make a special allowance for overspending inherited from the Inner London education authority.

The best measure of the excessiveness of an authority's budget is an assessment of its overspend against its standard spending assessment. That overspend represents the sum by which its budget exceeds the amount that we consider it appropriate for the authority to spend to provide a standard level of service consistent with total standard spending of £32.8 billion. That is similar to the approach that we adopted when selecting authorities for rate capping, when we used the benchmark of overspend against grant-related expenditure.

The principles that I am adopting are as follows. First, for the purposes of capping I judge an authority's budget to be excessive if it exceeds its SSA by at least 12.5 per cent. and by at least £75 per adult. Secondly, an authority is designated for capping only where its overspend per adult above the 12.5 per cent. £75 per adult benchmark for excessiveness is at least £26 per adult. That is a £26 per adult de minimis provision to avoid requiring authorities to reduce their budgets for the sake of only a small reduction in the burden on their charge payers.

The special allowance that I am making for inherited ILEA overspend means that for inner-London boroughs I have deducted from each borough's budget, for the purposes of comparison with the SSA, the amount of its inner London education grant entitlement as set out in the special grant report approved by the House on 18 January—*[Laughter.]*

**Mr. Speaker:** Order. I do not think this a matter for hilarity.

**Mr. Patten:** By applying those principles to authorities' budgets for 1990-91, I am designating 20 authorities for capping. These are, in alphabetical order: Avon, Barnsley, Basildon—*[HON. MEMBERS: "Labour."]*—Brent—*[HON. MEMBERS: "Labour."]* That is not very surprising—*[Interruption.]*

**Mr. Speaker:** Order. I remind the House that we have a busy day ahead of us. This is a long statement with a great deal of detail. I ask the House to listen to it.

**Mr. Patten:** I will tell Opposition Members why it is not very surprising: I would have almost to reach No. 60 before I came to a Conservative authority. In alphabetical order, the authorities are: Avon, Barnsley, Basildon, Brent, Bristol, Calderdale, Camden—

**Hon. Members:** We cannot hear!

**Mr. Speaker:** Order. How can the House possibly hear what is going on—

**Several Hon. Members** *rose*—

**Mr. Speaker:** Sit down, please. I ask the House to give the Secretary of State a hearing. When there is so much baying going on, how can anyone hear?

**Mr. Rhodri Morgan (Cardiff, West):** On a point of order, Mr. Speaker. When the Secretary of State read out the list for the first time, he did not read out the word Barnsley. When he read it the second time, Barnsley was included.

**Mr. Speaker:** Order. So much baying was going on that the list was difficult for any hon. Member to hear. I suggest

their differences by dialogue and discussion. I am sure that that is in the interests of the countries concerned and ourselves.

**Q6. Mr. Home Robertson:** To ask the Prime Minister if she will list her official engagements for Tuesday 3 April.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave some moments ago.

**Mr. Home Robertson:** Is the Prime Minister aware that one year's experience of the poll tax in Scotland makes it abundantly clear that no amount of time can heal the running sore of a tax which robs the poor to pay the rich? Does the right hon. Lady recall telling me in a parliamentary answer this time last year that I should donate my unwanted and ill-gotten poll tax gains to

charity? What does the right hon. Lady intend to do with the £1,500 that she will gain at the expense of the long-suffering people of London?

**The Prime Minister:** I now pay community charge in two places. The hon. Gentleman may take it from me that I shall continue to be generous with the money that I have — [Interruption.]

**Mr. Speaker:** Order. It is unfair to others in the House.

**The Prime Minister:** Like the hon. Member for East Lothian (Mr. Home Robertson) I shall continue to be generous to the charities which I believe in and support with the moneys that I have, whether or not they are allowed for tax.

that, for the good order of the House, the Secretary of State should read out the list of local authorities again. I ask the House to listen to him in silence.

**Mr. Patten:** I shall give the House the list again: Avon—[HON. MEMBERS: "Labour."]; Barnsley—[HON. MEMBERS: "Labour."]; Basildon—[HON. MEMBERS: "Labour."]; Brent—[HON. MEMBERS: "Labour."]; Bristol—[HON. MEMBERS: "Labour."]; Calderdale—[HON. MEMBERS: "Labour."]; Camden—[HON. MEMBERS: "Labour."]; Derbyshire—[HON. MEMBERS: "Labour."]; Doncaster—[HON. MEMBERS: "Labour."]; Greenwich—[HON. MEMBERS: "Labour."]; Hammersmith and Fulham—[HON. MEMBERS: "Labour."]; Haringey—[HON. MEMBERS: "Labour."]; Hillingdon—[HON. MEMBERS: "Labour."]; Islington—[HON. MEMBERS: "Labour."]; North Tyneside—[HON. MEMBERS: "Labour."]; Rochdale—[HON. MEMBERS: "Labour."]; Rotherham—[HON. MEMBERS: "Labour."]; St. Helens—[HON. MEMBERS: "Labour."]; Southwark—[HON. MEMBERS: "Labour."]; and Wigan—[HON. MEMBERS: "Labour."].

**Mr. Speaker:** Order. I ask the House to settle down. I must say again that we are under a timetable today and this is a long statement.

**Mr. Patten:** All those authorities are budgeting significantly in excess of their SSAs, both relative to the SSAs themselves and in terms of pounds per adult. For the information of the House, I am laying in the Library tables showing for all authorities how their budgets compare with their SSAs. Copies are available in the Vote Office.

I am not today designating Lambeth. That must give a great deal of pleasure to the Opposition. That council set a budget of over £305 million early in March. I understand that last Thursday, about three weeks after making that budget, it changed its mind, and set a new lower budget and a charge of £548. Under the statute, the council has seven days from then to supply me with the information that I need to take my decisions in relation to that authority. To date, it has not done so. When I receive the information, I shall apply the principles that I have determined for inner London boroughs to Lambeth's budget. If its budget is more than £284.2 million, on this basis, Lambeth would be capped.

Some of the overspends are spectacular by any standards. For Basildon, for example, it is 194 per cent. and £154 per adult above SSA. For Greenwich, it is 32 per cent. and £314 per adult above SSA, even after allowing for inner London education grant.

For each of the 20 authorities designated on the basis of my general principles, I am also proposing caps—that is, the levels to which we propose authorities should reduce their budgets. I have made available in the Vote Office and shall be printing in the *Official Report* a table showing for each designated authority the cap that I am proposing and the budget cuts implied by it. In each case, I am satisfied on the basis of all the information available to me that my proposals are reasonable and appropriate in all the circumstances of the individual authorities concerned. The reductions in the charge which would be implied by the caps range from around £100 in the case of Hammersmith and Fulham to about £30 in the case of St. Helens.

As required by statute, I am today notifying each authority that it has been designated for capping, the principles on the basis of which it has been designated and the amount of the cap that I propose. The authorities then

have 28 days in which to tell me, if they wish, whether they accept the amount proposed. If they do not, they must suggest an alternative figure together with the reasons for it. In such circumstances, it is open to me to set the final cap at a higher, lower or, indeed, the same level as the one I proposed. If an authority does not accept my proposed cap, I have to set the cap by order, a draft of which must be approved by the House.

Once the final caps have been set, the authorities concerned have to set new, lower budgets reflecting their caps. These then feed through to new, lower charges for the charge payer. How long the process takes depends in part on how authorities react to the caps that I am proposing today, but I expect all authorities to have set new budgets by June or July, with new charges for charge payers following as soon as possible thereafter.

I must say this to the House: I would much rather not have had to use my capping powers. But Parliament has provided them to protect the charge payer against excessive spending, and it is clearly right that I should use them. I am satisfied that the authorities that I have selected are in this position and that their budgets should be reduced. My proposals will do just this to the benefit of over 4 million charge payers.

Following is the table:

Local Authority demands and precepts 1990-91 compared with SSAs

*Notes*

The attached table shows the comparison between the demands and precepts set by local authorities in 1990-91 and their Standard Spending Assessments (SSAs). For charging authorities, the comparison is with the demand on the collection fund, ie it does not include parish precepts. For the precepting authorities shown, the comparison is with the aggregate of precepts issued by the authority.

Column 1: shows the SSA for each authority for 1990-91, calculated in accordance with the Distribution Report.

Column 2: shows the percentage by which the demand or the aggregate of precepts exceeds the SSA (column 1).

Column 3: shows the amount by which the demand or the aggregate of precepts exceeds the SSA (column 1) in £s per adult (using relevant population, as calculated in accordance with the Population Report).

No adjustment has been made in this table to budgets reported to the Department where the Secretary of State believes that they have not been calculated in accordance with section 95(4) of the Local Government Finance Act 1988.

The figures for demands and precepts used in this table are the latest reported by the authorities to the Secretary of State.

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million	Overspend on SSA Percentage	Overspend on SSA £/adult
	1	2	3
SHIRE COUNTIES			
Avon	450.7	18.4	117
Bedfordshire	277.3	9.1	64
Berkshire	376.8	9.1	62
Buckinghamshire	325.0	5.7	39
Cambridgeshire	317.8	3.2	21
Cheshire	474.7	12.5	83
Cleveland	337.0	10.4	85
Cornwall	235.4	6.2	42
Cumbria	246.5	16.0	103
Derbyshire	448.6	25.0	157
Devon	486.1	7.8	50
Dorset	290.3	4.0	23
Durham	303.7	6.9	46
East Sussex	325.1	3.7	22

[Mr. Patten]

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
Essex	761.2	2.1	13
Gloucestershire	251.6	8.9	56
Hampshire	755.5	2.0	13
Hereford and Worcester	317.8	0.8	5
Hertfordshire	477.5	6.2	40
Humberside	465.8	11.7	83
Isle of Wight	63.0	11.9	76
Kent	769.1	-1.2	-8
Lancashire	743.0	11.4	81
Leicestershire	458.8	7.9	55
Lincolnshire	295.2	0.0	0
Norfolk	352.7	4.8	30
North Yorkshire	332.9	3.8	24
Northamptonshire	297.0	5.7	40
Northumberland	142.0	16.5	102
Nottinghamshire	514.9	11.5	78
Oxfordshire	252.0	15.5	96
Shropshire	208.7	5.4	37
Somerset	224.7	11.2	72
Staffordshire	498.5	5.5	35
Suffolk	295.5	7.8	49
Surrey	446.6	7.9	45
Warwickshire	226.4	10.3	64
West Sussex	323.5	-3.3	-20
Wiltshire	268.7	5.0	32

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>SHIRE DISTRICTS</i>			
<i>Avon</i>			
Bath	6.6	0.0	0
Bristol	32.7	96.3	108
Kingswood	5.1	-1.1	-1
Northavon	7.4	3.0	2
Wansdyke	4.2	-0.3	0
Woodspring	10.9	0.8	1
<i>Bedfordshire</i>			
Luton	17.1	-7.4	-10
Mid Bedfordshire	6.1	-13.2	-10
North Bedfordshire	10.4	-4.2	-4
South Bedfordshire	6.6	-2.3	-2
<i>Berkshire</i>			
Bracknell	6.2	-6.3	-6
Newbury	8.2	-20.8	-16
Reading	12.3	37.4	45
Slough	12.3	-43.3	-69
Windsor and Maidenhead	7.8	37.1	29
Wokingham	7.3	9.1	7
<i>Buckinghamshire</i>			
Aylesbury Vale	9.6	-34.5	-30
Chiltern	4.2	-2.6	-2
Milton Keynes	13.9	37.8	42
South Bucks	3.1	-20.9	-14
Wycombe	9.5	19.2	15
<i>Cambridgeshire</i>			
Cambridge	8.3	50.0	56
East Cambridgeshire	3.7	-15.5	-13
Fenland	5.3	-5.7	-5
Huntingdonshire	9.0	-55.5	-49

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
Peterborough	11.2	33.5	34
South Cambridgeshire	6.7	-47.4	-36
<i>Cheshire</i>			
Chester	8.2	4.5	4
Congleton	4.2	14.1	10
Crewe and Nantwich	6.9	39.1	35
Ellesmere Port and Neston	5.5	30.3	28
Halton	8.7	17.4	17
Macclesfield	8.4	0.0	0
Vale Royal	6.4	10.0	8
Warrington	11.9	15.0	13

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Cleveland</i>			
Hartlepool	7.8	46.9	55
Langbaugh-on-Tees	9.4	85.6	72
Middlesborough	13.6	63.6	84
Stockton-on-Tees	12.2	53.9	50
<i>Cornwall</i>			
Caradon	4.4	3.8	3
Carrick	5.5	9.8	9
Kerrier	6.0	9.3	8
North Cornwall	5.0	-10.4	-9
Penwith	4.5	-15.0	-14
Restormel	5.5	-4.1	-3
<i>Cumbria</i>			
Allerdale	6.2	2.4	2
Barrow in Furness	4.9	83.6	71
Carlisle	7.7	17.1	17
Copeland	4.5	55.2	45
Eden	3.1	-18.7	-17
South Lakeland	6.2	-3.3	-3
<i>Derbyshire</i>			
Amber Valley	5.9	5.4	4
Bolsover	3.8	22.9	16
Chesterfield	5.9	37.1	28
Derby	19.0	-1.6	-2
Derbyshire Dales	4.2	-0.6	0
Erewash	6.3	22.0	17
High Peak	5.2	7.6	6
North East Derbyshire	4.5	36.5	22
South Derbyshire	4.1	9.9	7
<i>Devon</i>			
East Devon	6.9	-1.9	-1
Exeter	7.7	10.9	11
Mid Devon	4.2	20.6	18
North Devon	5.8	4.0	4
Plymouth	23.0	0.0	0
South Hams	4.8	-8.1	-7
Teignbridge	6.8	31.4	26
Torbay	8.1	85.1	74
Torridge	3.5	9.0	8
West Devon	2.9	-5.4	-5

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Dorset</i>			
Bournemouth	13.9	19.5	23
Christchurch	2.3	9.9	7
East Dorset	3.5	25.4	14
North Dorset	3.4	-37.0	-32
Poole	7.4	0.0	0
Purbeck	2.8	-30.0	-26
West Dorset	5.4	-6.0	-5
Weymouth and Portland	4.2	42.5	38
<i>Durham</i>			
Chester-le-Street	2.7	69.4	45
Darlington	7.8	39.5	41
Derwentside	5.2	140.4	111
Durham	5.1	54.7	45
Easington	6.0	45.2	36
Sedgefield	5.4	56.2	45
Teesdale	1.8	-12.5	-11
Wear Valley	4.6	102.2	96
<i>East Sussex</i>			
Brighton	14.4	39.3	52
Eastbourne	6.2	62.1	57
Hastings	7.9	42.4	54
Hove	9.3	-7.5	-10
Lewes	4.8	0.9	1
Rother	5.4	17.2	14
Wealden	7.6	3.8	3
<i>Essex</i>			
Basildon	9.5	194.3	154
Braintree	7.0	13.6	11
Brentwood	3.6	108.5	72
Castle Point	4.6	54.6	38
Chelmsford	8.6	41.8	32
Colchester	9.4	0.0	0
Epping Forest	6.7	10.1	7
Harlow	5.5	115.4	113
Maldon	3.1	-4.1	-3
Rochford	3.8	38.7	26
Southend-on-Sea	14.0	39.3	45
Tendring	8.3	26.0	22
Thurrock	8.1	85.4	75
Uttlesford	3.8	-15.8	-12

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Gloucestershire</i>			
Cheltenham	6.7	10.7	10
Cotswold	4.7	17.7	15
Forest of Dean	4.7	-9.8	-3
Gloucester	7.1	8.6	9
—Stroud	6.1	46.5	35
Tewkesbury	4.7	-29.6	-21
<i>Hampshire</i>			
Basingstoke and Deane	8.9	-10.7	-9
East Hampshire	5.7	22.2	17
Eastleigh	5.0	47.3	31
Fareham	5.1	17.6	12
Gosport	5.0	20.8	18
Hart	4.3	38.8	27
Havant	8.0	5.5	5
New Forest	9.9	-0.7	-1
Portsmouth	19.1	4.1	6
Rushmoor	5.7	6.6	7

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
Southampton	18.1	14.2	16
Test Valley	5.8	-11.2	-8
Winchester	5.7	7.3	6
<i>Hereford and Worcester</i>			
Bromsgrove	4.5	7.4	5
Hereford	3.2	-7.4	-6
Leominster	3.0	-15.4	-15
Malvern Hills	5.3	21.2	17
Redditch	5.1	46.4	42
South Herefordshire	3.5	-30.3	-28
Worcester	5.4	29.0	26
Wychavon	5.7	0.6	0
Wyre Forest	5.5	45.6	35
<i>Hertfordshire</i>			
Broxbourne	4.8	8.5	6
Dacorum	8.3	0.0	0
East Hertfordshire	6.5	9.0	7
Hertsmere	5.3	51.1	42
North Hertfordshire	7.0	13.4	11
St Albans	7.8	-2.3	-2
Stevenage	4.8	94.1	79
Three Rivers	4.3	26.7	20
Watford	6.9	22.7	28
Welwyn Hatfield	5.6	81.9	65

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Humberside</i>			
Beverley	5.6	9.9	6
Boothferry	4.7	-6.6	-6
Cleethorpes	4.6	50.4	45
East Yorkshire	5.1	43.0	33
Glanford	4.9	15.7	14
Great Grimsby	7.0	49.2	52
Holderness	3.0	33.3	25
Kingston upon Hull	25.1	26.8	35
Scunthorpe	4.4	58.3	56
<i>Isle of Wight</i>			
Medina	5.4	-15.0	-14
South Wight	3.7	14.1	12
<i>Kent</i>			
Ashford	6.3	2.1	2
Canterbury	8.8	26.7	25
Dartford	5.3	64.8	54
Dover	7.4	25.7	24
Gillingham	7.0	2.1	2
Gravesham	6.4	-5.2	-5
Maidstone	9.1	31.2	27
Rochester upon Medway	11.7	-42.6	-45
Sevenoaks	6.0	9.5	7
Shepway	6.5	65.1	61
Swale	7.7	41.9	38
Thanet	10.2	12.2	13
Tonbridge and Malling	5.8	50.1	38
Tunbridge Wells	6.6	10.8	9
<i>Lancashire</i>			
Blackburn	15.2	24.9	40
Blackpool	13.4	36.3	41
Burnley	8.0	29.9	35
Chorley	5.5	-0.8	-1
Fylde	4.3	9.1	7
Hyndburn	6.3	29.3	31

[Mr. Patten]

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
Lancaster	9.4	31.5	31
Pendle	6.7	40.7	44
Preston	13.2	8.1	11
Ribble Valley	2.8	6.6	5
Rossendale	4.3	66.3	59
South Ribble	5.2	16.1	11
West Lancashire	6.4	-0.1	0
Wyre	6.4	10.7	9

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Leicestershire</i>			
Blaby	4.0	-44.1	-28
Charnwood	7.9	-12.8	-10
Harborough	3.4	-5.3	-4
Hinckley and Bosworth	4.8	-6.0	-4
Leicester	36.6	38.3	69
Melton	2.4	-6.8	-5
North West Leicestershire	4.5	24.2	18
Oadby and Wigston	2.7	18.9	13
Rutland	2.1	-8.3	-7
<i>Lincolnshire</i>			
Boston	3.9	2.0	2
East Lindsey	9.7	-5.6	-6
Lincoln	6.7	0.0	0
North Kesteven	4.8	-8.3	-6
South Holland	4.9	16.8	16
South Kesteven	6.9	-3.9	-3
West Lindsey	5.0	0.4	0
<i>Norfolk</i>			
Breckland	6.5	-14.1	-11
Broadland	5.2	-16.9	-11
Great Yarmouth	6.6	45.4	43
King's Lynn and West Norfolk	9.7	-19.1	-19
North Norfolk	6.6	-9.1	-8
Norwich	10.3	45.5	50
South Norfolk	5.6	-15.1	-11
<i>Northamptonshire</i>			
Corby	4.0	16.3	16
Daventry	3.7	-10.6	-9
East Northamptonshire	4.0	-29.7	-24
Kettering	5.1	-4.0	-4
Northampton	13.9	14.0	15
South Northamptonshire	3.6	-33.0	-24
Wellingborough	4.5	-48.6	-44
<i>Northumberland</i>			
Alnwick	2.1	11.1	10
Berwick-upon-Tweed	1.7	17.3	14
Blyth Valley	4.5	104.1	79
Castle Morpeth	2.9	30.1	23
Tynedale	3.4	25.2	20
Wansbeck	3.7	94.6	74

*Local authority demands and precepts 1990-91 compared with SSAs*

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>North Yorkshire</i>			
Craven	3.1	-3.5	-3
Hambleton	4.6	-3.7	-3
Harrogate	3.7	69.0	56
Richmondshire	3.3	-14.2	-14
Ryedale	4.9	10.5	7
Scarborough	7.4	31.2	29
Selby	6.0	-8.7	-8
York	8.0	24.0	24
<i>Nottinghamshire</i>			
Ashfield	5.6	18.6	13
Bassetlaw	6.7	18.9	16
Broxtowe	5.8	3.8	3
Gedling	6.5	-0.4	0
Mansfield	6.0	55.2	43
Newark and Sherwood	7.1	-9.3	-8
Nottingham	29.4	11.1	16
Rushcliffe	5.4	-11.0	-8
<i>Oxfordshire</i>			
Cherwell	7.6	-45.2	-41
Oxford	11.7	14.7	23
South Oxfordshire	7.4	-2.8	-2
Vale of White Horse	6.0	-47.3	-35
West Oxfordshire	5.8	-36.0	-31
<i>Shropshire</i>			
Bridgnorth	3.1	-22.7	-18
North Shropshire	3.5	-11.8	-10
Oswestry	2.0	24.2	19
Shrewsbury and Atcham	5.3	9.7	7
South Shropshire	2.8	-7.2	-7
Wrekin	8.8	50.1	45
<i>Somerset</i>			
Mendip	5.8	-3.2	-3
Sedgemoor	6.1	-0.3	0
South Somerset	8.7	5.3	4
Taunton Deane	5.9	-15.2	-12
West Somerset	2.3	-6.2	-6
<i>Local authority demands and precepts 1990-91 compared with SSAs</i>			
Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Staffordshire</i>			
Cannock Chase	5.6	39.3	33
East Staffordshire	7.2	5.0	5
Lichfield	5.0	-26.5	-19
Newcastle-under-Lyme	6.7	42.1	30
South Staffordshire	5.5	-38.5	-27
Stafford	7.1	-3.2	-3
Staffordshire Moorlands	5.7	7.6	6
Stoke-on-Trent	19.3	24.4	25
Tamworth	3.9	3.6	3
<i>Suffolk</i>			
Babergh	4.9	-11.7	-10
Forest Heath	3.4	-12.7	-13
Ipswich	9.1	96.3	97
Mid Suffolk	5.0	-2.7	-2
St. Edmundsbury	5.6	-12.0	-10
Suffolk Coastal	6.8	31.8	28
Waveney	7.1	21.3	19
<i>Surrey</i>			
Elmbridge	5.8	56.9	39

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
Epsom and Ewell	4.0	81.6	64
Guildford	8.1	-5.6	-5
Mole Valley	3.9	28.9	19
Reigate and Banstead	6.7	80.4	56
Runnymede	5.6	-67.7	-67
Spelthorne	5.2	13.5	10
Surrey Heath	4.5	10.8	8
Tandridge	4.3	37.4	28
Waverley	6.2	13.8	10
Woking	5.8	-17.3	-15
<i>Warwickshire</i>			
North Warwickshire	3.3	66.7	48
Nuneaton and Bedworth	6.9	57.4	45
Rugby	5.8	-1.6	-1
Stratford on Avon	6.1	-3.7	-3
Warwick	7.5	-3.5	-3
<i>West Sussex</i>			
Adur	3.1	106.4	72
Arun	8.0	30.3	25
Chichester	6.6	-0.1	0
Crawley	6.0	87.2	78
Horsham	6.4	-0.8	-1
Mid Sussex	6.3	17.9	12
Worthing	7.1	22.4	20
<i>Wiltshire</i>			
Kennet	4.2	-26.9	-22
North Wiltshire	6.8	-9.3	-8
Salisbury	6.5	-17.7	-15
Thamesdown	11.8	18.8	17
West Wiltshire	5.9	22.6	17
<i>Isles of Scilly</i>			
Isles of Scilly	2.0	-4.6	-60

## Local authority demands and precepts 1990-91 compared with SSAs

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>Police and Fire Authorities</i>			
Metropolitan Police	632.1	-1.0	-1
London Fire and CD Authority	191.7	4.5	2
Greater Manchester PA	114.1	5.5	3
Merseyside PA	76.8	5.7	4
South Yorkshire PA	48.9	2.6	1
Northumbria PA	58.1	6.6	4
West Midlands PA	112.3	2.4	1
West Yorkshire PA	86.5	9.9	6
Greater Manchester FCDA	54.3	2.3	1
Merseyside FCDA	36.5	3.5	1
South Yorkshire FCDA	22.6	23.7	5
Tyne and Wear FCDA	24.7	10.0	3
West Midlands FCDA	53.5	2.0	1
West Yorkshire FCDA	37.8	25.6	6

## Local authority demands and precepts 1990-91 compared with SSAs

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>LONDON</i>			
<i>Inner London</i>			
City of London	41.6	63.1	10,130
Camden	151.3	19.9	232
Greenwich	153.0	39.2	387
Hackney	205.5	14.8	233
<i>Hammersmith and Fulham</i>			
Islington	132.4	26.6	297
Kensington and Chelsea	158.2	19.8	251
Lambeth	98.6	11.1	132
Lewisham	240.2	27.0	376
Southwark	174.3	19.2	196
Tower Hamlets	193.2	24.8	290
Wandsworth	179.6	16.5	262
Westminster	202.7	3.8	38
<i>Outer London</i>			
Barking and Dagenham	172.2	-7.4	-94
Barnet	89.1	11.6	95
Bexley	160.0	-1.9	-14
Brent	116.3	1.6	11
Bromley	214.8	16.1	178
Croydon	141.6	0.2	1
Ealing	190.1	-6.0	-48
Enfield	202.5	11.9	115
Haringey	159.7	2.5	21
Harrow	166.9	29.8	351
Havering	115.8	-0.5	-4
Hillingdon	117.3	8.9	59
Hounslow	125.9	20.0	143
Kingston-upon-Thames	124.9	13.3	108
Merton	72.9	8.8	63
Newham	97.6	-4.0	-30
Redbridge	195.3	10.6	130
Richmond-upon-Thames	129.1	1.7	13
Sutton	76.0	8.8	54
Waltham Forest	88.2	12.4	85
	160.7	11.5	115

Note: Arrangements to reflect the status of the City of London as a special authority mean that only part of the difference between its SSA and demand falls on chargepayers. No adjustment has been made to the demands of the City of London and Inner London boroughs for the overspend inherited from ILEA.

## Local authority demands and precepts 1990-91 compared with SSAs

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>METROPOLITAN DISTRICTS</i>			
<i>Greater Manchester</i>			
Bolton	157.9	5.9	48
Bury	91.7	12.4	85
Manchester	340.6	3.9	46
Oldham	139.2	9.2	81
Rochdale	128.0	18.8	152
Salford	146.7	9.3	80
Stockport	148.2	13.7	93
Tameside	124.8	13.8	101
Trafford	121.9	-2.6	-20
Wigan	165.6	21.1	151
<i>Merseyside</i>			
Knowsley	113.0	5.0	51
Liverpool	349.6	10.0	107
Sefton	158.0	11.4	82
St. Helens	109.1	16.2	130
Wirral	197.1	4.1	33



[Mr. Patten]

Authority	Standard spending assessment £ million 1	Overspend on SSA Percentage 2	Overspend on SSA £/adult 3
<i>South Yorkshire</i>			
Barnsley	112.1	26.6	178
Doncaster	158.6	19.9	144
Rotherham	138.5	19.5	134
Sheffield	289.5	12.4	85
<i>Tyne and Wear</i>			
Gateshead	117.8	12.2	92
Newcastle upon Tyne	173.3	12.4	107
North Tyneside	109.2	18.8	136
South Tyneside	97.2	9.9	81
Sunderland	176.8	9.1	75
<i>West Midlands</i>			
Birmingham	724.1	6.4	67
Coventry	190.1	11.2	97
Dudley	156.9	11.7	77
Sandwell	192.0	13.0	113
Solihull	103.7	6.3	43
Walsall	156.9	13.8	113
Wolverhampton	172.8	7.7	72
<i>West Yorkshire</i>			
Bradford	315.7	3.0	30
Calderdale	109.9	20.9	160
Kirklees	219.0	14.9	117
Leeds	389.6	7.3	55
Wakefield	161.7	14.3	97

## Community Charge Capping 1990-91

The table below shows the authorities which the Secretary of State is today designating for community charge limitation and the maximum amounts (ie "caps") which he is proposing.

	Budget £ million	Proposed cap	Reduction £ million	£ per adult
Avon	533.7	507.1	26.6	37
Barnsley	142.0	132.0	10.0	59
Basildon	27.9	23.7	4.2	35
Brent	249.3	241.7	7.6	39
Bristol	64.2	56.6	7.6	26
Calderdale	132.9	125.4	7.5	52
Camden	181.4	177.0	4.4	34
Derbyshire	560.6	520.6	40.0	56
Doncaster	190.1	178.5	11.6	53
Greenwich	213.0	203.0	10.0	65
Hammersmith and Fulham	167.5	155.8	11.7	99
Haringey	216.5	206.5	10.0	71
Hillingdon	151.0	141.7	9.3	53
Islington	189.5	185.8	3.7	30
North Tyneside	129.7	122.9	6.8	45
Rochdale	152.0	144.0	8.0	51
Rotherham	165.4	157.5	7.9	39
St. Helens	126.7	122.8	3.9	29
Southwark	241.0	226.9	14.1	86
Wigan	200.6	190.6	10.0	43

Note:

1. Reductions shown as £ per head of relevant population.

**Mr. Bryan Gould (Dagenham):** Does the Secretary of State recognise that his statement is a final admission of the failure of the poll tax? Has he not fatally undermined and discredited the only virtues ever claimed for the poll

tax—that it would somehow be simple and would improve accountability? If accountability is the key, why could he not wait for the voters to pass judgment on 3 May?

The right hon. Gentleman's statement means that accountability has gone out of the window; all that we are left with is a search for scapegoats. Is it not a remarkable achievement—not to say a suspect achievement—to have concocted a list that miraculously excludes every single Tory authority? Have not the criteria been carefully, not to say tortuously, selected to produce a predetermined political outcome?

If the object really was to relieve hard-pressed poll tax payers, why are Tory councils such as Dartford and Leominster, in which bills have risen by 73 per cent., not on the list, while Haringey, at only 6 per cent., is included? Why is Tory Windsor and Maidenhead, with a poll tax bill of £449, excluded while Calderdale, at only £297, is caught? Why, if increased spending is the criterion, is Tory Berkshire, with an increase of 20.6 per cent., left out, while Brent, at 1.4 per cent., is on the list?

If the Secretary of State is really concerned to reduce excessively high poll tax bills, why does he not accept that bills right across the country are, on average, £85 above Government estimates; that there is no significant difference between Tory and Labour councils on that score; and that the problem arises from the serious miscalculations made by the Secretary of State, to which charge capping can be only a marginal and partisan response?

What estimate has the right hon. Gentleman made of the extra costs of sending out revised bills and recalculating rebates? What estimate has he made of the losses of income that charge-capped authorities will suffer through the impact on cash flow? What estimate has he made of the cuts that will be needed, not just to meet charge cap levels but to cover the extra costs and losses that charge capping will impose?

How does the right hon. Gentleman explain that five authorities—Brent, Calderdale, Hammersmith, Haringey and Hillingdon—have been charge-capped to a point below their assumed charge? Why are councils that contribute to the safety net, such as Brent, Camden, Islington and Basildon, charge-capped, in some cases in circumstances in which they contribute more to the safety net than the margin by which they are charge-capped?

Does the Secretary of State accept that his statement and his charge-capping will be universally regarded as a political fix, as a rigged list drawn up in a cynical and desperate last throw to salvage something from the wreckage? Is he not revealing just how disreputable the Government's current aims are? They have given up trying to make the poll tax work. They have given up trying to help the oppressed poll tax payers. Their sole and squalid aim now is to shift the blame for the whole poll tax fiasco for which they alone are responsible.

**Mr. Patten:** Perhaps in view of the stress that the hon. Gentleman placed on the selection of the criteria, I should take him and the House through the arguments for the criteria. I take it that the House will want me to do so reasonably patiently so that it knows exactly why we chose these criteria—[Interruption.]

**Mr. Speaker:** Order.

**Mr. Brian Sedgemore (Hackney, South and Shoreditch):** Get the fraud squad in.

**Mr. Speaker:** Order. The Secretary of State was asked detailed questions and he must have a chance to answer them.

**Mr. Patten:** First, we had to take account, as the hon. Gentleman will be aware, of sections 100 to 102 of the Local Government Finance Act 1988. Secondly, we had to take account of legal precedents and the way in which rate capping was applied in the past. On that basis, we decided on the criteria that I announced. Just as in the past we used the grant distribution formula—the GRE—as the basis for rate capping, so it seemed perfectly reasonable to take the SSA as the basis for charge capping, since it is expenditure and bills above the SSA which represent excessive spending and charging.

There is a political point—[*Laughter*]*—*which the hon. Member for Dagenham (Mr. Gould) would do well to take into account. Labour shire counties are setting precepts about £82 over SSA while Conservative shire counties are setting precepts £25 above SSA. Labour shire districts are setting charges £47 above SSA while Conservative districts are setting charges £8 above SSA. Labour metropolitan districts are setting charges £94 above SSA while Conservative metropolitan districts are setting charges £21 above SSA. Labour London boroughs are setting charges £216 a head above SSA while Conservative boroughs are setting charges £3 above SSA. If the hon. Gentleman seeks an explanation of why there are no Conservative authorities on the list, it is in those figures.

The hon. Gentleman referred to several specific authorities and in doing so showed that he is not very familiar with local government finance. Dartford and Leominster cannot be included in the criteria because they have budgets below £15 million and are specifically excluded by the Local Government Finance Act 1988.

The hon. Gentleman also failed to take account of Conservative authorities that are making contributions into the safety net and Labour authorities that are taking money out of the safety net. That makes rather a lot of difference to the figures that the hon. Gentleman used.

Let me come to costs. We reckon that the costs per authority will be about £200,000 per charging authority and that the total costs will be between £6 million and £7 million for all the authorities that we are charge-capping. I wish that the local authorities that set excessive spending levels had thought about that disruption before they set out on a course that penalises their charge payers.

I shall deal with the principle of accountability, to which the hon. Gentleman referred. On the "Today" programme last week—I am not sure whether the Leader of the Opposition or his hon. Friends are aware of this—the hon. Gentleman said:

"There must always be in extremis a reserve power to cap." In the hon. Gentleman's view, there is no argument about principle. It is right that there should be a reserve power to cap. What I ask the hon. Gentleman—

**Hon. Members:** The Secretary of State should be answering.

**Mr. Speaker:** Order. Hon. Members should not carry on conversations or point across the Chamber; that is very disorderly.

**Mr. Patten:** I take it that Opposition Members do not want me to make this point because they have no answer to it.

What are the circumstances in which the reserve powers would be used? Would they be used in the case of Basildon which has spent 194 per cent. over SSA or £154 per head? Is that in extremis? Would they be used in Greenwich which has spent 31.8 per cent. over SSA, which is equivalent to £314 a head? Let the hon. Member for Dagenham tell us that those are circumstances in which he would use those reserve powers.

The hon. Member for Dagenham has once again forgotten that the purpose of my proposals is not to penalise councils, but to protect charge payers.

**Mr. Robin Squire (Hornchurch):** Is my right hon. Friend aware that there will be widespread agreement that, in the circumstances of this year, the decision to cap a number of local authorities was inevitable and correct? Does he accept that the decision to limit that to a lower number of authorities than previously circulated is also wise? The response of the Labour party to my right hon. Friend's statement, its derision and humour, will be different from that of people living in the districts and council areas concerned. They will whole-heartedly welcome the relief that he has announced today to many community charge payers.

**Mr. Patten:** We hear a good deal about the alleged concern of Opposition Members about the impact on the charge payer. I imagine that they will be delighted that my proposals will, for example, help some pensioner households to the tune of £200 in some local authorities.

I accept what my hon. Friend said and I repeat the argument that I advanced earlier. If we had produced a list of nearly 60 local authorities, we might have caught a Conservative one, but the reason why Labour local authorities are on the list is that it is principally Labour local authorities which overspend and set excessive charges.

**Mrs. Rosie Barnes (Greenwich):** Bearing in mind the fact that the Government have always maintained that one of the major benefits of the community charge is an increase in local accountability, does the Secretary of State agree that his statement makes a mockery of that, particularly as many of the areas listed will hold elections in the near future when people can make their views known in the usual way?

**Mr. Patten:** I could not, as I am sure the hon. Lady will accept, have different criteria according to whether some local authorities had elections this year.

I am sure that the hon. Lady will have noticed that her borough of Greenwich is spending 31.8 per cent. over SSA or £314 per adult. In circumstances in which the Association of London Authorities, a Labour organisation, is suggesting that Labour authorities should discuss whether they can get away with the highest possible charge, I believe that it is reasonable for us to use our powers this year.

**Mrs. Edwina Currie (Derbyshire, South):** Does my right hon. Friend accept that his statement is very welcome in Derbyshire? I speak for my hon. Friends the Members for Derby, North (Mr. Knight) and for Derbyshire, West (Mr. McLoughlin) as well. Is my right hon. Friend aware that, in Derbyshire, school meals have not been increased since 1981 and home help services are completely free to everyone? Whether that is Labour party policy or not, it is

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sheer foolishness. Does my right hon. Friend agree that it should be possible to reduce net budgets in Derbyshire without damaging the central services?

**Mr. Patten:** I believe that my hon. Friend is entirely right in making that argument and I have chosen the cap for Derbyshire with that very much in mind. I am aware, as is my hon. Friend, that Derbyshire is spending 25 per cent. over SSA or £157 per adult and that is causing considerable expense to my hon. Friend's constituents.

**Mr. Martin Redmond** (Don Valley): That statement was the most stupid, irresponsible one that we have ever heard. The Secretary of State may not be aware that the financial year for local authorities has already started. Will the Secretary of State confirm that he has had documentation from every authority on budgetary matters? Will he tell the authorities that he has capped, which schools, teachers and services they will lose?

**Mr. Patten:** I have no doubt that in the next few weeks there will be a parade of bleeding stumps in a number of local authorities. I believe strongly that the caps that I have proposed will enable local authorities to run their services at a reasonable level. I repeat the point which I made in my statement so that all local authorities and all hon. Members are aware of it: Labour or other authorities which disagree with the cap that I have proposed can, if they wish, make alternative suggestions. I then have to consider them, and we shall come back to the House to debate the issue here.

**Mr. David Amess** (Basildon): Is my right hon. Friend aware that there will be widespread rejoicing in my constituency at his decision to cap our charge and give interim protection against the worst excesses of socialist overspending? He is the toast of Basildon. Does my right hon. Friend agree that with the local council being 194 per cent. over standard spending assessment it could easily make savings without affecting essential or sensible local services?

**Mr. Patten:** The whole House will be aware that Basildon's idea of prudent financing has meant that it has been capped in 1985-86, 1986-87, 1987-88 and 1988-89. Last year, Basildon proposed an increase in local rates of 57 per cent. It is budgeting at 194.3 per cent. over SSA or £154 per adult, which is wholly deplorable.

**Mr. Allen McKay** (Barnsley, West and Penistone): It would appear that £10 million is to be taken away from Barnsley. Does the Secretary of State realise that, of that £10 million, £1.8 million is the extra cost of running the poll tax, £3 million is the extra cost of the police and fire services which were not previously there, and £5 million is the extra cost of grants? The local authority now has the choice of sacking teachers or doing away with all non-statutory education facilities. Does the Secretary of State realise that he has stopped the council trying to regenerate an area with 14.1 per cent. unemployment? Does he realise that this despised tax should be disposed of, rather than the people of that area being penalised? Does he realise that not only are the people groaning in despair at the poll tax but that they will now have to suffer the further consequences as the Government try to justify something about which they have made a terrible mistake?

**Mr. Patten:** I point out to the hon. Gentleman that a large number of his constituents will be pleased that their community charge will be reduced by £60—that is more than £2 per week for a pensioner household. Even—

**Mr. Kevin McNamara** (Kingston upon Hull, North): That is wrong—the Secretary of State should do his arithmetic.

**Mr. Patten:** Perhaps the hon. Gentleman will keep quiet. I said that for a pensioner couple it would be more than £2 per week.

**Mr. McNamara:** The Secretary of State did not say pensioner, he said household.

**Mr. Patten:** I have not changed what I said, and I think that—

**Mr. Speaker:** Order. It does not help if we have a dialogue between the Front Bench and Ministers. The Secretary of State is answering questions from a Back-Bench Member.

**Mr. Patten:** Even with the proposals that I have made, the cap would still mean that Barnsley was spending 17.7 per cent., or £118 per adult, more than SSA. Its original plans would have meant a 19.2 per cent. increase over the rescaled GRE—the former formula. It is worth bearing that in mind.

**Mr. Michael Stern** (Bristol, North-West): Is my right hon. Friend aware that his statement today will be received with rapture by all my constituents, no matter what their party affiliation? To underline the extent of the relief that he has given to Bristol and Avon, since he has capped two councils that affect my constituency, will he tell the House how much reduction he proposes for the citizens of Bristol and other parts of Avon?

**Mr. Patten:** My hon. Friend's constituents will be pleased to know that, as a result of our capping the expenditure proposals of Avon and Bristol, they will save £64. that is—I emphasise the point for the sake of the hon. Member for Liverpool, West Derby (Mr. Wareing)—over £120 for a pensioner couple.

**Mr. Ronnie Fearn** (Southport): Is it not a fact that because of this late announcement and the short time that they will have to produce the new billing caused by rate capping, many authorities will face a considerable extra cost on top of the poll tax itself? Many bills have already been drafted and will now have to be altered. Is it not also true that the Conservative Government have underestimated the power of the people and that the power of the people will come back to them at the next election?

Could not the Secretary of State have thought of a better system, such as local income tax based on the ability to pay—a system already proven in Sweden, Canada and other countries? Would not this have been a better system than the present shambles?

**Mr. Patten:** I think that I answered the question about costs fully in response to the hon. Member for Dagenham (Mr. Gould) when I said that we reckoned that the cost for each charging authority would be about £200,000 and that the total cost for all those which had been capped would be between £6 million and £7 million. That has been taken account of in my proposals on caps.

As for the hon. Gentleman's proposals on local government finance, I applaud him because at least his party has proposals on the future of local government finance; the proposals seem not to have acted like a magnet in attracting people to the party, but I commend the hon. Gentleman and his colleagues honestly. I note that we still await with interest and enthusiasm the proposals on local government finance from the official Opposition.

**Mr. Bob Dunn (Dartford):** I congratulate the Secretary of State on his statement. Earlier, the House will have heard the hon. Member for Dagenham (Mr. Gould) refer to Dartford as a Conservative authority which in his view should be charge-capped. I resent his attack upon the people of Dartford. The only person who speaks for Dartford in this House is me. I also point out that there were wrong assumptions in the statement of the hon. Member for Dagenham: his figures are wrong and Dartford, because it falls below the threshold of £15 million, is ineligible for charge-capping. I hope that the hon. Member for Dagenham will withdraw his slur on the people of Dartford.

**Mr. Patten:** My hon. Friend has put the record straight. I tried to do so myself in responding to the hon. Member for Dagenham who was unaware, when he put the question, of the provisions of the Local Government Finance Act 1988.

**Mr. Harry Barnes (Derbyshire, North-East):** Is the Secretary of State aware that the hon. Member for Derbyshire, South (Mrs. Currie) will be £1,331 better off under the poll tax arrangements, even before the new capping arrangements come into force? This is a further windfall for her. Should we not have had something different—not the formula that we now have, which is gobbledegook, but a change in the original formula which messed up the grant in many areas, depending on their nature? If the area was mixed in class terms—if it was both a rural and an urban area—and if it had people moving in and out of it, it lost grant all along the line. That is what affected Derbyshire, not the nonsense talked by the hon. Member for Derbyshire, South.

**Mr. Patten:** Since, as I understand it, the hon. Gentleman has said that he will not pay the community charge, I am somewhat reluctant to answer his question—[HON. MEMBERS: "Why?"] If he carries out his decision, it will mean that, as a militant freeloader, he will oblige his constituents to pay higher bills. That does not seem to me to be very egalitarian, but perhaps it is what passes for Socialism these days.

**Mr. Matthew Carrington (Fulham):** Is my right hon. Friend aware that the citizens of Hammersmith and Fulham will be extremely grateful for his protection from their gambling, grossly overspending and immensely inefficient council? My right hon. Friend knows that the council has already potentially lost some £200 million on the money markets through its inefficiency. However, he may not know that that has pushed up its expenditure by 80 per cent. since 1986, even allowing for education. It has employed 1,000 additional people in the town hall, and that is before it takes on responsibility for education services. We are extremely grateful for my right hon. Friend's protection, which I trust will continue through future years.

**Mr. Patten:** I am sure that my hon. Friend's constituents will be pleased that their individual charges will go down by about £100. Even in the Labour party, Hammersmith and Fulham borough council is not a by-word for fiscal prudence. As my hon. Friend suggested, its spending plans were intended to rise by more than 21 per cent. on top of SSA, or £239 per charge payer.

**Mr. Roger Stott (Wigan):** Is the Secretary of State aware that the metropolitan borough of Wigan is not a profligate or irresponsible authority? That was acknowledged—it is on the record—by the Under-Secretary of State when I led a delegation to meet him a couple of months ago. The right hon. Gentleman knows that Wigan has already lost £22 million in grant this year and is having a difficult time trying to run its services. Will he acknowledge that the poll tax that it has had to levy is necessary to sustain the level of services for which the councillors were elected? Is he aware that more than 100,000 letters have already been sent, and that the borough treasurer estimates that it will cost at least £500,000 to re-bill poll tax payers in the borough? Will he say—[*Interruption.*]

**Mr. Speaker:** Order. Briefly, please—

**Mr. Stott:** Mr. Speaker—

**Mr. Speaker:** Order. We are under a time pressure today.

**Mr. Stott:** I am aware of that.

Will the Secretary of State answer the question posed by my hon. Friend the Member for Dagenham (Mr. Gould) about authorities that are rate-capped and find it difficult to raise money on the money markets, but have to do so at very high interest rates? Can the right hon. Gentleman—

**Mr. Speaker:** Order. This is unfair to the hon. Gentleman's colleagues as I shall not be able to call all of them.

**Mr. Stott:** I very rarely ask questions in the House—

**Mr. Speaker:** Order. That does not matter. The hon. Gentleman is on equal footing with everyone else in the House. He must be fair to his colleagues.

**Mr. Stott:** I shall try to be fair to my colleagues, but I am raising an important matter.

What services in the metropolitan borough of Wigan will have to be cut when the budget is reduced by £10 million? How many teachers, how many housing associations, how many meals-on-wheels, how many social services will have to be cut?

**Mr. Patten:** I realise why the hon. Gentleman wants to put those points about his constituency so vigorously. However, I must point out to him that, as I understand it, Wigan council had reserves of almost £11.5 million at 1 April, of which it was planning to use £4 million in 1990-91. Against that background, and against some other figures that I shall give to the hon. Gentleman, I do not regard our proposed cap as unreasonable. Wigan council was proposing to spend 13.1 per cent. over its 1989-90 budget. Our reduction in the charge of around £43 will, I think, be popular with his constituents. The total external finance which is going into Wigan in the coming year is £121.9 million. That represents £527 per adult. I repeat

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that, against that background, I have put forward proposals which are reasonable. But again I say that, if Wigan council wishes to make proposals for a different cap, we will listen to them and consider them and then we shall have to come back to the House and give it our views.

Several Hon. Members rose—

**Mr. Speaker:** Order. In fairness to all, I ask for single questions, please. That will be equally fair to hon. Members on all sides of the House.

**Mr. Michael Shersby (Uxbridge):** Is my right hon. Friend aware that Hillingdon is not a Labour-controlled council, as Opposition Front-Bench Members seem to think, but a hung council? Will he tell the House by how much that council exceeds its SSA, what that means in terms of each individual and what the cap will be?

**Mr. Patten:** Hillingdon council was proposing to spend £151 million. That represented 20 per cent. over SSA, or £143 per adult over SSA. We are proposing a reduction of £9.3 million, with a cap, therefore, of £141.7 million. That would mean that charges would go down by around £53 a head.

**Mr. Tony Benn (Chesterfield):** Is the Secretary of State aware that, last May, the people of Derbyshire, who know a great deal more about their own needs than he does, overwhelmingly re-elected the Labour majority there?

**Mrs. Currie:** And now they are regretting it.

**Mr. Benn:** And the hon. Lady has benefited greatly by the poll tax, as has been said.

Is the right hon. Gentleman aware that the poll tax, and now the capping, combined with the destruction of the Inner London education authority that began on the morning of 1 April, represent a far greater and more sustained threat to democracy in Britain than what occurred in Whitehall and the west end on Saturday?

**Mr. Patten:** I think that the right hon. Gentleman's observations and his casuistry on the question whether citizens should obey the law have gone well beyond even his own distant bounds. I think that many people in the House, observing the right hon. Gentleman's career, wish that he had followed the example that he so often suggests and chained himself to railings far distant long ago.

**Mr. Phillip Oppenheim (Amber Valley):** Will my right hon. Friend accept that, while the right hon. Member for Chesterfield (Mr. Benn) may be well able to afford to pay the massive community charge levied by Derbyshire county council, many of my constituents who are above the rebate level are completely unable to pay the charge at the level at which it was to be levied, and that this announcement today that the council is to be charge-capped will give them at least some comfort? Will my right hon. Friend confirm that the county council will not have to cut a single teacher or policeman in order to meet these new spending figures?

**Mr. Patten:** I agree with my hon. Friend that the proposals that I have made should enable the Derbyshire county council to run its services at a reasonable level without disruption, as I said earlier. Derbyshire county council was proposing a 19.5 per cent. increase over its

1989-90 budget. The cap that I have proposed will reduce the community charge by around £56 a head. I think that that will be welcomed by my hon. Friend's constituents and by many other people in Derbyshire.

**Mr. Gerald Bermingham (St. Helens, South):** Will the Secretary of State concede that the whole of this capping exercise is on the basis that he got the SSAs correct? If he has made a mistake in that respect, is he prepared to admit that mistake subsequently and undo the damage that he has done today? Secondly, can he explain to the House why in St. Helens, where the overall expenditure this year has risen by only just over 7 per cent.—less than inflation—we should suddenly find that we are to be charge-capped to the tune of £30 a head? Could it just be that the SSAs are completely wrong in St. Helens, and that this whole matter is a complete disgrace?

**Mr. Patten:** The actual increase in spending in the coming year in St. Helens—

**Mr. Bermingham:** Answer the question.

**Mr. Patten:** The hon. Gentleman does not have the figures quite right. The figures are substantially in excess of that—[HON. MEMBERS: "What are they?"]—16.1 per cent.—[*Interruption.*] If the St. Helens council has different figures or wishes to appeal against the figures that we have proposed, there is provision in the law for it to do so.

Even if one took not SSAs but GREs, the former system, all the local authorities that we have capped today would have been spending, to take the mean figure for all of them, 26 per cent. above the rescaled GREs.

**Mr. Donald Thompson (Calder Valley):** Will my right hon. Friend accept that ordinary citizens and businesses and industrial and manufacturing companies will be delighted—[*Interruption.*]—that for the first time, local authorities are having to put up with the same restraints and constraints that those people and businesses have had to put up with through the imposition year after year of rates and community charges well above inflation?

**Mr. Patten:** My hon. Friend is wholly correct. Calderdale was planning to spend 20.9 per cent., or £160 per adult, over SSA. It is receiving in total external finance next year £81.9 million, which is £570 per adult. As a result of the decision that I have made today, charges in Calderdale will be cut by £52 or thereabouts.

**Mr. Stan Crowther (Rotherham):** Is the Minister aware that the only true criterion by which to judge the expenditure of any local authority is whether it is providing a service that meets the needs of the people it represents? How can the right hon. Gentleman, sitting in his office in Marsham street and drooling over his SSAs, claim to know more about that than the people who have been elected to do the job? It is hypocritical for the right hon. Gentleman to talk in the same statement about the ballot box and accountability and then personally to destroy the most basic principle of democracy.

**Mr. Patten:** The hon. Gentleman has not taken on board the point that the Labour party has no objection in principle to charge capping—[*Interruption.*] The hon. Member for Dagenham (Mr. Gould) said in the "Today" radio programme last week—and he repeated the statement—that the Labour party accepted that there was a case for charge capping. So the only issue is where one

charge caps, and I believe that for the hon. Gentleman's constituency and the other 19 authorities, we have taken a sensible decision, which in his constituency will save charge payers £39 each.

**Mr. Richard Holt** (Langbaugh): Will my right hon. Friend accept that the euphoria of many of my hon. Friends whose authorities have been capped will not be reflected in Cleveland, where my long-suffering constituents in Middlesbrough do not meet the criteria—*[Interruption.]*—which is not surprising, because the whole basis of the SSA is flawed and without any meaning whatever? Until the Government get the SSA right, they will not get capping right. The answer must be not capping but annual elections, so that people vote for the money that is to be spent.

**Mr. Patten:** My hon. Friend has a strong point. If there had been county elections this spring, I do not believe that some county budgets would have been as large as some of them are likely to be. On my hon. Friend's point about SSAs, even under the GREs—had we used the past criteria—I am not sure that we would have caught the overspending in his authority, but I shall let him have a detailed reply on that point.

**Mr. Chris Smith** (Islington, South and Finsbury): The Secretary of State will be aware that the poll tax payers of Islington are being forced by him and by the Government to pay £42 each into the so-called safety net. That is more than he is proposing to remove by means of charge capping. What sort of crazy system is it that makes the Secretary of State charge-cap with one hand and force the poll tax up with the other?

**Mr. Patten:** The safety net contribution results from the fact that the hon. Gentleman's constituents each receive £1,150 in total external finance. That safety net contribution will end at the end of this year. I hope that the hon. Gentleman's constituents will get that money back.

**Mr. Robert G. Hughes** (Harrow, West): Will my right hon. Friend confirm that those local authorities which he has today announced will be charge-capped will have to make some cuts in their budgets? For instance, many of them will have to cut out women's committees; some will have to stop monitoring the police and interfering in what they are doing; many will have to cut the excessive number of staff that they employ; some will have to cut back on waste, and—what is perhaps worse for Opposition Members—some will have to stop giving grants to politically motivated local bodies. If local authorities choose to make cuts in services are they not making a political decision and not a decision in favour of local people?

**Mr. Patten:** I am sure that my hon. Friend is right and that it will have gratified him, as it did me, that many local authorities will have been able to reduce their budgets without harm to charge payers, thanks to the democratic decision taken in Nicaragua.

**Mr. John Fraser** (Norwood): Is the Secretary of State not struck by the double irony that capping breaches the principle of accountability and that there is no evidence from capping in the past that there is any political advantage in it to the Conservative party? Is he aware that, in Lambeth, we already have great difficulties in working out and paying housing benefit and rebates, and that, if

demands go up in June, many people will be disqualified from obtaining rebates because they will not realise that it is necessary to apply for it before it is too late? Therefore, will he amend the law to allow rebates to be backdated to 1 April this year?

**Mr. Patten:** If we had to amend the law to take account of the administrative capacity of Lambeth, we would have to do a lot of legislating. I put forward arguments about Lambeth in my statement. I hope that Lambeth will take advantage of the arguments that I put forward and will now propose a budget that does not require it to be charge-capped.

**Mr. Jerry Hayes** (Harlow): While I warmly welcome my right hon. Friend's statement, does he not accept that there is one glaring omission—the Labour-controlled district council of Harlow, which happens to be the highest-spending council per head in the whole of the United Kingdom? It has been spending ratepayers' money with the gay abandon of a drunken sailor. Is it not a fact that it has reduced the charge to a still staggering £425 by eating into reserves, and selling the family silver? *[AN HON. MEMBER: "It is not excessive."]*

**Mr. Hayes:** Someone says that it is not excessive. It is to my constituents. Is it because Harlow is below the £15 million ceiling, and if that is so, is it not time that the ceiling was reformed so that we could help my constituents and my ratepayers?

**Mr. Patten:** In Harlow, the budget next year will represent a figure 115.4 per cent. above the SSA, which is £113 a head. I know that my hon. Friend understands and regrets that, since the Harlow budget is under £15 million, we cannot introduce any proposals. Under the Local Government Finance Act 1988, I can increase the threshold, but I understand why my hon. Friend wants me to move in the other direction.

**Mr. Peter Hardy** (Wentworth): Does the Secretary of State accept that, over the past 11 years, Minister after Minister has visited Rotherham and acknowledged that it is an extremely efficient local authority? It has never been rate-capped or criticised, and despite facing enormous problems, its level of poll tax is about £30 below the national average. Given the problems confronting Rotherham, which the Secretary of State and many of his colleagues have witnessed over the past five or six years, does not the right hon. Gentleman agree that reducing Rotherham's capacity to work its way out of the crisis in which it has been placed by the Government will put it in an impossible position and one which will be seen as preposterous, unfair and, malicious by virtually every reasonable and intelligent citizen of our borough?

**Mr. Patten:** No. I do not accept the hon. Gentleman's observations. I repeat, we are prepared to consider alternative proposals from Rotherham. If Rotherham can make a convincing case, we will take account of it and bring it down to the House of Commons. Even with the proposals I have announced and with the application of the cap, Rotherham will still be spending 13.7 per cent., or £95 per adult, over SSA.

**Mr. Speaker:** Mrs. Gorman.

**Several Hon. Members:** What about us?

**Mr. Speaker:** The hon. Lady speaks as the Member of Parliament of a constituency in which an authority is being rate-capped.

**Mrs. Teresa Gorman** (Billericay): I thank my right hon. Friend the Secretary of State on behalf—[*Interruption.*]

**Mr. Martin Flannery** (Sheffield, Hillsborough): Three of them in a row.

**Mr. Speaker:** Order. Apart from anything else, let us have some chivalry.

**Mrs. Gorman:** I thank my right hon. Friend on behalf of my constituency for cutting Basildon's expenditure. Among that authority's extravagances in a £27 million budget—[*Interruption.*—] is a recently built theatre costing £12 million, which will have to be subsidised to the extent of £1 million per year. My constituents will be endlessly grateful to my right hon. Friend for his sensible measures.

**Mr. Patten:** I am grateful for what I think my hon. Friend the Member for Billericay (Mrs. Gorman) said, although I could not hear very much of her remarks. She will be aware that Basildon proposes a 30 per cent. increase in the coming year over its 1989-90 budget. It intends to spend 194 per cent. over SSA, or £154 per adult. That is a powerful argument for the decisions I announced today.

**Mr. Simon Hughes** (Southwark and Bermondsey): Is the Secretary of State aware that his reputation as an enlightened Minister has taken an enormous battering this afternoon? His predecessor, the right hon. Member for Cirencester and Tewksbury (Mr. Ridley), told the House last year, "We will have no more complicated formulae or muddled assessments. Everything will be straightforward, principled, and easy to understand." Can the Secretary of State pretend that that is the case? One week he sets standard spending assessments, the next he poll tax-caps at a different figure. One day he adopts local authority figures according to a principle used for setting rates last year, the next he changes them and implements total arbitrary figures for this year. Southwark's figure has been reduced by a greater amount than any other authority in the country, by £86 per person—even though many other authorities have considerably higher budgets.

**Mr. Patten:** My right hon. and hon. Friends—like the hon. Member for Southwark and Bermondsey (Mr. Hughes), no doubt—will be interested to learn that Southwark is receiving in external finance, in support through grant and contributions from the business rate, the sum of £173.9 million, which is equivalent to £1,053 per adult. That, put very simply—or in as enlightened a way as I can manage—is a lot of money. There is one very simple formula in Southwark which I think will please many of the hon. Gentleman's constituents: that is, that, thanks to the decisions which I have announced today, they will be saved £86 per head.

**Mr. Tim Devlin** (Stockton, South): Although, under Labour control, Cleveland county council has always increased its rates considerably in excess of inflation, although for this year its Government grant has gone up by 21.7 per cent. and although it is now well over £75 per person in excess of the community charge which the

Government forecast, Cleveland has not been capped. If the cap fits Labour-controlled Cleveland, why cannot Cleveland wear it?

**Mr. Patten:** The figures which my hon. Friend gave were correct. As he said, Cleveland has received a substantial amount of assistance from the Government. On the other hand, Cleveland does not come within the criteria which we set and which are very similar to those which were applied to rate capping, which we have had to take account of, because Cleveland's spending over SSA, large though it is, is only 10.4 per cent., or £85 per head. Both on percentage terms and because of the £26 de minimis provision, which is sensible, Cleveland has not come within the criteria. I can well understand my hon. Friend's concern about spending decisions taken by Cleveland and about the implications of those decisions for his constituents.

**Mr. Lawrence Cunliffe** (Leigh): Will the Minister accept that it is absolute nonsense and a total myth to describe Wigan metropolitan borough as a high-spending authority? Its average spending is 5 per cent. less on more services, with the exception of secondary education, than every other metropolitan district. How does he reconcile the fact that spending in Wigan may be only £805 per head with the fact that it will be £1,436 for the Westminster woollies? Does he not realise that inadequate grants, inflation and Government decisions have put £170 per head on every Wigan poll tax payer? Does not he realise that the people of Wigan metropolitan district and Leigh will see this as another crude exercise in trickery and deception?

**Mr. Patten:** As I explained to the hon. Member for Wigan (Mr. Stott) earlier, there is an important point about reserves in Wigan which we have had to take account of in the decision on capping. Secondly, I should point out to the hon. Gentleman that Wigan proposes next year to spend 13.1 per cent. over its adjusted 1989-90 budget. Thirdly, even with capping, spending will still be 15.1 per cent. or £108 per adult over SSA.

**Sir Giles Shaw** (Pudsey): Will my right hon. Friend accept that there will be considerable disappointment in Leeds that no rate capping will occur on a community charge of £348, which is substantially in excess of the £297 set in Calderdale district? What does he propose to do about it?

**Mr. Patten:** I can understand my hon. Friend's concern that the local authority to which he has referred does not come within the criteria that I mentioned earlier. One of the considerations that I have to take into account is not only the present law but precedent and what has happened in the past. I believe that the criteria that I have announced are the most robust legally. [HON. MEMBERS: "Ah."] Of course. That is an important point to take account of. We have taken account of it before and I am sure—[*Interruption.*]

**Mr. Eric Illsley** (Barnsley, Central): The Secretary of State is already aware that Barnsley metropolitan district council has complained of the indicators that have been used to assess its standard spending assessment. We are due to meet members of that authority with his right hon. Friend the Minister for Local Government and Inner Cities in May. Therefore, it seems rather premature to

announce a devastating cap on Barnsley now. Surely the Secretary of State realises that those indicators in an area such as Barnsley—which still suffers from high unemployment and industrial problems because of the decline of the mining industry—are having a devastating effect. Is he not aware that six of the authorities listed in his schedule are in mining areas? Will he reconsider the indicators that he has used for areas such as Barnsley, which has a low population and low rateable values, because the effect of that cap will be—

**Mr. Speaker:** Order. Please be brief.

**Mr. Patten:** I assure the hon. Gentleman that we are prepared to consider any alternative proposals from Barnsley or other local authorities. As the hon. Gentleman's question was primarily about the grant distribution formula, I should point out to him that Barnsley was proposing to spend, even under the old formula—the rescaled grant-related expenditure—19.2 per cent. above target.

**Several Hon. Members** rose—

**Mr. Speaker:** Order. I must have regard for the subsequent business. [*Interruption.*] Order. I know the importance of this statement to all hon. Members, but I must balance that against the business on the Order Paper. I will allow questions to continue until 5 pm. I hope to be able by then to call everyone in that time, but I cannot do so if we have—as it were—Adjournment debates rather than questions.

**Mr. David Madel** (Bedfordshire, South-West): Will my right hon. Friend confirm that it would be perfectly possible to change the law between now and May 1991 to allow shire councils such as Bedfordshire to have elections for some of their county councillors? Otherwise—because we are a hung county council—there will be yet another year of overspending and a very high community charge. In order to give people the chance to use the ballot box, could we please have an early change in the law?

**Mr. Patten:** I understand my hon. Friend's argument. I know of his concern about spending decisions that have been taken in Bedfordshire, where the county is proposing to spend 9.1 per cent.—£64 per head—over standard spending assessment. It is also proposing a substantial year-on-year increase in its budget. That is of concern not only to my hon. Friend, but also to many of his constituents.

When examining the cyclical pattern of county-council expenditure, many hon. Members will have seen the strong argument for annual elections. I am sure that that proposition will feature prominently in our subsequent debates on local government.

**Mr. John Evans** (St. Helens, North): Is the Secretary of State aware that his announcement today will cause chaos in the efficiently run metropolitan borough of St. Helens? Will he confirm that, when he met St. Helens councillors yesterday, he could not point to any item of overspending in their budget? Will he now accept that St. Helens councillors should be allowed to come to London to put their case to him? Can he point out to me now any item of excessive spending in their budget that he has discovered in the past 24 hours?

**Mr. Patten:** I did have a civil meeting with councillors in the hon. Gentleman's borough yesterday. It was mostly to discuss urban programme expenditure and other developments, such as the application for city grant for one project in St. Helens. At the end of my discussion, as we were examining the proposals for a technology park, the councillors gave me some figures for St. Helens, which I considered before my statement today. It will of course be entirely appropriate for St. Helens to make proposals, if it wishes to propose a different cap or a different level of expenditure.

**Mr. Evans:** Will you meet them?

**Mr. Patten:** They will certainly be met by one of the Department of the Environment Ministers.

Let me make another point that is relevant to the consideration of St. Helens' financial position: the council had financial reserves of £11 million at 1 April 1990, of which it plans to use £3 million in 1991. Therefore, there is £8 million still available. I was proposing a reduction of £3.9 million against that £8 million.

**Mr. Harry Greenway** (Ealing, North): Does my right hon. Friend appreciate that there will be consternation in Labour-controlled Ealing that Ealing council has not been rate-capped, bearing in mind the historic rate increases and community charge increases in recent years? There was a 65 per cent. rate increase in 1987, a 32 per cent. increase last year and now what amounts in some cases to an equivalent of a 55 per cent. increase in rates this year. Will he re-examine his list to see if he cannot put Ealing council in it?

**Mr. Patten:** I am glad, in the light of what my hon. Friend has said, that I am not a charge payer or still a resident in Ealing, because I understand the financial implications of Ealing's own distinctive management style for those who live in that borough. Ealing will spend 11.9 per cent. over SSA in the coming year—£115 over SSA per head. I am afraid that that means that the authority does not come within the criteria that I have announced, which I believe are reasonable and legally robust. I am afraid that on this occasion I must disappoint my hon. Friend.

**Mr. Kevin Barron** (Rother Valley): The Secretary of State has told my hon. Friends the Members for Wentworth (Mr. Hardy) and for Rotherham (Mr. Crowther), who represents Rotherham borough council, that he is prepared to consider alternative proposals. Rotherham borough council has never had its expenditure capped before by the Government. The decision to limit its expenditure programmes and to cut on non-statutory services already represents alternative proposals—alternatives to what the council really wanted to do. To take £7.9 million from that authority—as the right hon. Gentleman has done by his decision this afternoon—is to attack an already impoverished area that has no alternative but to rely for much of the time on non-statutory services from the local authority. For months, the Government have argued that the point of the tax was that the people who would have to pay it would decide whether a local authority was providing the services or not. Why are we not listening to the people?

**Mr. Patten:** As I was not able to point out earlier in response to another question about Rotherham, Rotherham is proposing to spend 12.9 per cent. over its



[Mr. Patten]

adjusted 1989-90 budget. That is a substantial figure, and is one of the arguments for limiting its expenditure in the coming year. Even with the cap, it will still be spending 13.7 per cent.—£95 per adult—over SSA.

Let me add—not in response to the hon. Member for Rother Valley (Mr. Barron)—that it is extraordinary that, after all the fury and fuss from the hon. Member for Dagenham, he has not had the courtesy to stay here until the end of these exchanges.

**Sir Peter Emery (Honiton):** My right hon. Friend talked about deplorably high expenditure and unjustified charges, but that does not apply only to authorities whose spending is massively higher than the SSA? It also applies to a number of authorities that have spent well over 12.5 per cent. more than last year. In my area, the charge is something like £90 over the recommended Government figure. Will he appeal to county councils of that nature to re-examine their expenditure and see whether they could give a rebate—which they can do legally—halfway through the year to those hard-pressed community charge payers?

**Mr. Patten:** My hon. Friend's suggestion is extremely sensible. His county is seeking to increase its spending in the coming year by almost 15 per cent., and is seeking to raise its total income by more than 18 per cent. Those are figures that it will have to justify to its voters and charge payers in due course. I would have the greatest difficulty in justifying figures of that size.

**Mr. Ian McCartney (Makerfield):** Will the Secretary of State accept that recently, the Parliamentary Under-Secretary of State admitted that Wigan gave better value for money in services, pound for pound, than Wandsworth borough council? Is it not a disgrace that Wigan's spending this year has increased by 6 per cent. when inflation is at 8 per cent., yet the Government have decided to poll-cap Wigan and to reduce an already beleaguered budget by £10 million? The Secretary of State owes it to Wigan council to offer it a meeting to advise it in which areas of services it is overspending and in which areas cuts should be made. It is outrageous that the Secretary of State should have made this crooked statement today. All the Secretary of State has been doing is part of a smear campaign against caring Labour local authorities which provide services for the people.

**Mr. Patten:** I have already referred to the position of Wigan's reserves and to the increase in spending it has proposed for the coming year over the last year. The hon. Gentleman's constituents could do with much of the financial competence and prudence which have ensured that, in Wandsworth, the community charge is as low as it is.

**Dame Elaine Kellett-Bowman (Lancaster):** All sensible people will rejoice that my right hon. Friend has capped most of the robber barons who are in charge of Labour local authorities. Unfortunately, he has failed to cap the robber barons of Lancashire, who are spending £123 million more this year, which is 11.4 per cent. more than they should be spending and the equivalent of an additional £80.92 per person. Why do we not get them out of the woodwork and cap them to curb their expenditure?

**Mr. Patten:** Lancashire county council has decided to spend 11.4 per cent. over its SSA and £81 per adult. Lancashire falls—I can understand my hon. Friend's concern about this point—just outside the criteria. Nevertheless, I am sure that local people will wish to ask the county why it has chosen to spend at those high figures. Lancashire's spending is extremely high, and puts a substantial burden on community charge payers. In other districts, the local councils are sensible and more prudent. Lancashire county council has a great deal to answer for.

**Mr. Jeremy Corbyn (Islington, North):** Is the Secretary of State aware that the SSAs he has announced are in utterly cynical manipulation designed to allow him to punish inner-city authorities which are desperately trying to provide services? How would he justify to the people of my borough of Islington that on top of all the cuts in central Government spending towards that borough in the past 10 years, there should now be a further cut of £3.7 million? Will he tell me, so that I can pass on the information to Islington, exactly which element of social services, education or housing he would personally propose to take away from the people of a hard-pressed inner-city area?

**Mrs. Gorman:** Tell that to Wandsworth.

**Mr. Patten:** What is particularly cynical is affecting concern about the impact on charge payers of spending decisions while declining to say that one will pay the community charge, and therefore putting a larger bill on charge payers. That is really cynical. The hon. Gentleman's constituents will be receiving in total in external support £1.150 a head. I am sure that the hon. Gentleman will be interested to know that £108 of the charge in Islington can be attributed to the unwinding of past creative accounting devices.

**Mr. Tim Janman (Thurrock):** In his statement, my right hon. Friend made great play of the atrocious overspending by Basildon district council. Is he aware that in the neighbouring socialist republic of Thurrock, the Labour-controlled council is overspending by 85.4 per cent. and is overcharging my constituents by more than 350 per cent.? Does he agree that the £15 million floor level for council revenue budgets should be removed and that the excellent principles which my right hon. Friend has put into practice today in his statement should apply to local authorities with a revenue budget of less than £15 million? My local council could then come in for the same treatment that he has correctly administered to those councils he has announced today.

**Mr. Patten:** My hon. Friend's constituents are having to pay large bills. The charge set is £417, which is a result of the council spending 85.4 per cent. over SSA or £75. As my hon. Friend said, the council does not come within our criteria because its budget is less than £15 million. That threshold was set because the House felt that to have a lower threshold would mean that very small sums were involved in extra contributions per head. The House had obviously not thought very much about the impact of councils such as Thurrock on the charge payers' pockets. I am sure that we shall have an opportunity to return to this issue on a future occasion.

**Miss Kate Hoey (Vauxhall):** I know that the Secretary of State is deeply unhappy today because he has been

unable to poll-cap Lambeth council. I know that he is also unhappy that Lambeth's budget is well below the wild figures thrown around by him and by the Prime Minister. Is the Secretary of State aware that just yesterday, the London borough of Lambeth was given leave to appeal for a judicial review on the £7 million extra which it will have to bear for the revaluation of County hall, which has nothing to do with the individual poll tax payers who live in the borough? Will he tell us today that he will not consider Lambeth for any poll capping until we have had the result of that judicial review?

**Mr. Patten:** I know that a delegation from Lambeth council came to see my hon. Friend the Minister for Local Government and Inner Cities and that he made the position on that issue perfectly clear. The point came up in a debate a couple of months ago in the House. I have observed that, as we have talked about charge capping in the past few weeks, Lambeth's budget has come down and down and as the media have pointed to the difference between the original proposals in Lambeth and what other local authorities in London have been able to do, the figure in Lambeth has come down and down. I very much hope that, now that Lambeth knows what it has to do to avoid my criteria, it will do that and come in with a budget that does not involve charge capping.

**Mrs. Maureen Hicks** (Wolverhampton, North-East): Would not my right hon. Friend agree that rate increases of up to 57 per cent. over the past 10 years and a present excessive community charge figure of £418, which is £150 over the Government's assessment for Wolverhampton, is the figure with which my long-suffering constituents have had to live? Is my right hon. Friend aware of the bitter disappointment that will be felt by my constituents today that he has not managed to come to their rescue—  
[*Interruption.*]

**Mr. Speaker:** Order.

**Mrs. Hicks:** The answers will be in the ballot box in time, but meanwhile, the bills drop through the doors and my constituents must find the money. Who will protect them?

**Mr. Patten:** I do understand the sense of bitterness that many of my hon. Friend's constituents will feel about the decisions taken by Wolverhampton council. Wolverhampton has increased its budget by 19.5 per cent. above the equivalent figure for 1989-90. The result is that there will be a charge of £395, which is the third highest increase of all the metropolitan districts. It is an outrageously high figure. I am sorry that, because of the criteria that we felt were most sensible, we have not been able to come to the help of my hon. Friend's constituents in the way that she would have liked. I very much hope that they will take the appropriate measure through the ballot box.

**Mr. Dave Nellist** (Coventry, South-East): Does the Secretary of State realise that the cuts in jobs and services—in schools, in old people's homes, in meals on wheels and in home helps—which are the real targets of today's announcement will drive hundreds of thousands of trade unionists who provide those services and local people who rely on them towards active opposition to the poll tax? Is he finally aware that given his acceptance of the poisoned

chalice of his present job, he is living proof of the old adage, that those whom the Gods would destroy, they first make mad?

**Mr. Patten:** I had not imagined that the hon. Gentleman would descend to cliché—or "clitch" as Ernie Bevin called it—in quite such a spectacular way. If the services to which he referred are so important, I am rather shocked that he has decided not to help pay for them.

**Mr. Chris Butler** (Warrington, South): Does my right hon. Friend accept that scandalous overspending means that, in Warrington, we face a community charge that translates into a 52 per cent. increase in rates? There are no county council elections in Cheshire until 1993. What protection will my right hon. Friend afford the citizens of Warrington?

**Mr. Patten:** I know that my hon. Friend is extremely upset about the consequences of spending decisions taken by his county council. I understand his concern, and I know that he has made vigorous representations on behalf of his constituents. No one could have argued more strongly for a reasonable deal for his constituents than my hon. Friend. Nevertheless, I am sorry that we have had to disappoint him today and that the criteria do not cover his local authority, or take account of its considerable overspending. I hope that, in due course, my hon. Friend's constituents will vote for Conservative councillors, who will make more sensible spending decisions.

**Mr. David Blunkett** (Sheffield, Brightside): I should like to give the Secretary of State the opportunity to withdraw a remark that he made earlier this afternoon. Replying to questions about the impact on children's education and the care of the elderly, he said that in the next few weeks there would be

"a parade of bleeding stumps."

Not only those in the hard-pressed coalfield communities of south Yorkshire but people across the country will object to language and imagery of that sort.

The right hon. Gentleman, the Prime Minister and the chairman of the Conservative party have all accepted that the basis of this afternoon's statement—the standard spending assessments—are wholly discredited. He knows that they are flawed and he said so, and he promised his own Back Benchers, as he did in the House on 18 January, that they would be changed.

As a result of these spending assessments, however, councils are facing capping and cuts and, ridiculously, Calderdale is having enforced on it a poll tax of £242, £100 below the poll tax in the Prime Minister's Barnet constituency, £150 below that in the constituency of the right hon. Member for Mole Valley (Mr. Baker), and £200 below the poll tax in Epsom and Ewell and in Windsor and Maidenhead. Anyone with the slightest intelligence can see that all that has come out of this shoddy completion of 11 years of central muddle and interference are increased administrative chaos, increased costs, increased cuts and a total capitulation by an honourable man to the Prime Minister's will.

**Mr. Patten:** I should tell the hon. Gentleman, who has stayed until the end of these exchanges—

**Mr. Clive Soley** (Hammersmith): That is cheap. My hon. Friend told you, Mr. Speaker, that he had to go.

**Mr. Patten:** The hon. Gentleman might know why, but if the hon. Member for Dagenham (Mr. Gould) had to go, he was not able to convey that information to me—*[Interruption.]* It is actually known that one can get messages to people on the Front Bench. I am sorry that the hon. Member for Dagenham could not stay.

The point that I made earlier, and I repeat it now, is that I believe that it should be perfectly possible for local authorities to run a reasonable level of effective services under the proposals that I have made this afternoon. But I anticipate a lot of scare stories; they have already started in my constituency, thus predating this afternoon's statement. They have nothing to do with sensible local government finance and everything to do with political scare tactics, of which we shall see a good deal in the coming weeks.

On the question of SSAs and GREs and the distribution formula, I have made it clear—the hon. Member for Sheffield, Brightside (Mr. Blunkett) would have criticised me strongly had I not—that we are prepared to consider fresh evidence on SSAs and the formula. But, even in the context of the GREs and the spending proposals made by the local authorities that I have decided to cap, the mean figure for the increase over rescaled GREs among the authorities that I have mentioned was 26 per cent., so by any standards those authorities have been substantial overspenders.

When referring to a number of local authorities, the hon. Member for Brightside knows perfectly well—because he knows and understands a good deal about local government finance—[HON. MEMBERS: "More than you do."] It just goes to show that one should never try to be courteous or civil in the Chamber on an afternoon like this. As I was saying, the hon. Gentleman knows perfectly

well that there are a number of authorities that are making substantial contributions to the safety net and to areas in which there are low rateable values, and other local authorities are taking money out of the safety net—

**Mr. Tony Banks** (Newham, North-West): Like Wandsworth.

**Mr. Patten:** That is why absolute levels of charge would have been an inadequate way of deciding on charge capping and would have led to considerable criticism by the Opposition—

**Mr. Banks:** It is a fiddle and you know it.

**Mr. Patten:** The hon. Member, from whom I am sorry not to have been able to hear this afternoon—

**Mr. Banks:** So am I.

**Mr. Patten:**—refers to Wandsworth, about which he has something of an obsession. He will therefore know that Wandsworth receives one of the lowest levels of grant in inner London, yet can still set a charge of £148.

Lastly, I must tell the hon. Member for Brightside, who understands the provisions of the law and what the process amounts to, that if local authorities do not accept the charge caps we have proposed, they can make their own proposals, which we must then statutorily consider. We shall carefully consider any alternative proposals put to us by local authorities.

**Several Hon. Members rose—**

**Mr. Speaker:** Order. I am sorry not to have been able to call all hon. Members who want to ask a question. I shall certainly bear them in mind when we next debate this matter or have questions on it.