



Prime Minister

LOCAL AUTHORITY TSS/AEF SETTLEMENT, 1991/92

1. At your meeting on 26 June it was agreed that the Chief Secretary and I would have further discussions about what we could recommend to E(LG) as the appropriate levels for Aggregate External Finance (AEF) and Total Standard Spending (TSS) by local authorities in England in 1991/92. Following our discussions we have agreed that we should recommend AEF of £26.05 billion, an increase of £1.87 billion over the existing provision for 1991/92 and TSS of £39 billion which is 7.1% above the level at which local authorities have budgetted to spend this year.

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These two figures produce a Community Charge for Standard Spending (CCSS) of £379, which compares with the average community charge for 1990/91 after capping of £357.

2. In addition, we have agreed a package of measures to address perceived unfairness and anomalies at an additional cost of £310 million. This includes the reduction in the threshold for transitional relief from £3 to £2, and the change in the rate at which the area safety net is withdrawn as well as the measures firmly agreed at your meeting last Tuesday.

3. We shall be incorporating these recommendations in a paper for E(LG) which we intend to circulate on Monday and which will explain the background.

4. Copies of this minute go to the Chancellor of the Exchequer, the Lord President, the Chief Secretary and to Sir Robin Butler.

CP

29 June 1990

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