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The Rt Hon Norman Lamont MP
Chief Secretary
HM Treasury
Parliament Street
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My ref:

Your ref:

5 September 1990

Jim Norman,

NEW BURDENS ON LOCAL GOVERNMENT

Thank you for your letter of 14 August about the new burdens procedure. I welcome your wholehearted support for my efforts to keep additional demands on local government to the absolute minimum.

You made three suggestions for keeping the pressures of central government policy on local authority spending in check. I agree that, before imposing a new burden on local authorities, colleagues should ask themselves whether they would be prepared to give up equivalent spending on a central government programme. This is a valuable discipline and is part of the thinking behind the present procedures whereby Treasury must be consulted on all new burdens involving increased costs in excess of £100,000 pa.

I also agree that sponsor Departments should clearly identify and properly cost all policy proposals submitted to a Cabinet Committee. Where possible this identification and quantification should be in terms agreed with officials here. Even where it is genuinely impossible to produce fully costed estimates at that stage, for instance because a particular initiative has to be implemented with great urgency, the costs should be fully quantified as soon as possible thereafter.

I sympathise with the objective underlying your suggestion that new burdens should not be prayed in aid to support increases in AEF unless colleagues have been able to offer offsetting savings from their own programme. I do not think, however, that it should follow automatically that chargepayers alone should bear the burden under these circumstances. Where we may agree that, despite offsetting savings not being possible, the Government should go ahead with a proposal involving extra expenditure by local authorities, we should

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then consider (in the context of the settlement as a whole) the balance of funding between community charges and national taxation. We must take account of the new burden in setting total standard spending, and our decisions on AEF should reflect what level of community charge we believe appropriate to finance that level of spending.

All too often local authorities are seen as the automatic agents for implementing central government objectives. This is wrong. The private sector, voluntary organisations and non-departmental public bodies are alternatives which should be considered. A sponsor should always be able to justify - if necessary to colleagues - the choice of local government as his agents.

My Department will very shortly launch the autumn trawl of new burdens on local authorities. My officials will, as usual, circulate lists for clearance of proposals notified to my Department in the previous six months. In view of the Prime Minister's comments on sometimes limited attempts to quantify the effects of past new burdens, I should be grateful if officials could redouble their efforts to provide properly quantified details of the likely costs or savings. I will also be looking for evidence of compensatory burdens removed to match new burdens imposed.

I am copying this letter to the Prime Minister, Geoffrey Howe, members of E(LG) and to Sir Robin Butler.

CHRIS PATTEN