



Treasury Chambers, Parliament Street, SW1P 3AG

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

25 October 1990

Dear Chris

LOCAL AUTHORITY FINANCE 1991-92 CHARGE-CAPPING

I have seen your two minutes to the Prime Minister of 16 October, and the subsequent correspondence.

2. I am content with your proposed criteria for charge-capping, and I am pleased that David Hunt will use the same criteria in Wales should it become necessary to do so.

3. I am however opposed to any dilution of the criteria. The generosity of the AEF settlement for next year was specifically on condition that a rigorous capping strategy would limit leakage into higher spending and so protect the community chargepayer. It is essential that this policy is pursued with the utmost vigour, particularly given the sensitivity of outturn community charges to any changes which local authorities assume in collection rates.

4. I believe therefore that it would be wrong to give any indication that different treatment might be available for particular classes of authority or for particular services. Given the importance of education spending in proportion to total local authority spending, I am opposed to special criteria for this service.

5. I am also content with your proposals on Standard Spending Assessments.

6. Finally, I agree that there is no point in pursuing the Lambeth case to the House of Lords. I am glad that Geoffrey Howe is able to find room for the short Bill which you propose in the coming legislative programme.

7. I am sending copies of this letter to the Prime Minister, to other members of E(LG), Nicholas Lyell and to Sir Robin Butler.

Norman Lamont

NORMAN LAMONT