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The Rt Hon JOHN MacGREGOR OBE MP

Phillip Ward
Private Secretary
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

29 October 1990

Dear Phillip

LOCAL GOVERNMENT FINANCE: AUTUMN ANNOUNCEMENT

Thank you for copying to me your letter of ²⁶ October to Barry Potter attaching a draft of the statement Mr Patten may make on Wednesday 31 October.

My Secretary of State would like some minor changes to be made in the text of the explanation of the reduction in the additional educational needs factor at paragraph 9 of the statement. I attach at the annex the amendments he would like to see. This is to prevent too much weight being put on "evidence" given that the change is essentially judgmental in response to further representations.

The text you have circulated does not so far take into account the correspondence between Mr MacGregor and the Prime Minister about her concern that school budgets and GM schools should be protected from the effects of local authorities reducing spending to avoid capping. I am sure that you are giving more thought to this. But it seems to us essential that some reference to the Government's view of priorities should be included in the statement. That would indicate at the very least that towards the end of the statement when Mr Patten is dealing with capping there should be a passage along the following lines.

"In the Government's view there is significant scope for local authorities to look very carefully across the administration of their services to ensure that they are delivered in the most efficient possible way. The Government believes that all authorities should be able to protect services at the point of delivery and there is no need for the capping criteria I have announced to involve any erosion of services across authorities. In particular authorities should not seek to use these proposals

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as an excuse for constraining delegated school budgets. There is significant scope for authorities to scrutinize their own bureaucratic empires to uncover savings without disrupting services to their residents."

I am copying this letter to Private Secretaries to members of E(LG) and to Sir Robin Butler.

Yours sincerely

Stephen Crowne

S T CROWNE
Private Secretary

9. In January I invited authorities to put forward any fresh evidence about the way SSAs should be calculated. We have received many representations suggesting changes which might be made. We have considered those representations most carefully. Many of the suggestions were familiar from last year, and there was no consensus as to what changes, if any, should be made. I remain persuaded that the decisions we made last year were broadly right. I also believe that it is helpful to maintain stability, so that chargepayers can make comparisons between what they are asked to pay from one year to another. I have therefore decided we should retain the broad principles which we adopted last year after a great deal of research. But I propose some improvements. Details may be found in the Consultation Paper, but I shall describe three of them:

- First, I propose to reduce somewhat the weighting applied to the Additional Educational Needs Index used in the assessments for education. I have looked again at the evidence about the impact of this factor on the cost of providing education. In the case of the Primary, Secondary and Post-16 elements the weight is fair, and I am proposing no changes. In the case of the "Under-5" and "Other Education" elements, however, the evidence ~~is less clear and~~ would support a range of weights. Last year's weights were at the upper end of the range, but I am now proposing to reduce these to the middle of the range.

- Second, I propose to double the weight given to tourists in calculating the SSA component for Other Services. This change will help in particular those areas which receive a substantial number of overnight visitors;

representations
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around
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LOCAL GOVT: Rates Pro

