



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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From the Secretary of State for ~~Social Services~~ Health

The Rt. Hon. John Major MP,
Chief Secretary to the Treasury,
H.M. Treasury,
Parliament Street,
London, SW1P 3AG.

MP

21 September 1988

Dear Chief Secretary

COMMUNITY CHARGE: SPECIFIC GRANT FOR PREPARATION COSTS

I have seen Nicholas Ridley's letter to you of 8 September pressing his case for a specific grant to support expenditure on preparing for the community charge. I support his case. Although it could be argued in logic that those authorities likely to receive reduced grant in 1989-90 would have received even less without block grant for their Community Charge costs, I agree that this would be a difficult point to present and it would not meet the case of those Shire Districts likely to be out of grant entirely.

It is a pity I did not receive my copy of Nick's letter until after I had written to Cecil Parkinson setting out the case for a specific grant in respect of AIDS. Similar arguments apply to my proposal, only more so. Several of those authorities most closely involved in providing services for people with AIDS are likely to lose grant while others, notably Westminster, are likely to remain out of block grant. AIDS, like expenditure on preparation for the Community Charge, is largely an inescapable pressure. Without a grant those authorities subject to rate limitations would need to meet this pressure either by further resort to creative accounting or by cuts in other services. The latter would be unfortunate in view of its effect on local attitudes to people with AIDS, who are already subject to discrimination and even harassment in some cases.

There is no prospect of developing a GRE to distribute block grant in respect of AIDS expenditure, even were we inclined to complicate the system further in its final year. The case for a small specific grant therefore seems incontrovertible, particularly as in other respects the proposals for the Settlement for 1989-90 are distinctly unfavourable to the personal social services.

I am copying this letter to the Prime Minister, other members of E (LF) and E(LA) and to Sir Robin Butler.

CH/EXCHEQUER	
REC.	22 SEP 1988
ACTION	CST
COPIES TO	

✓ 22/9

Yours sincerely

Flora Goldhill

for KENNETH CLARKE
(approved by the
Secretary of State and signed
in his absence)

Y SWYDDFA GYMREIG

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From The Secretary of State for Wales

THE RT HON PETER WALKER MBE MP

CT/6147/88

13 October 1988

CH/EXCHEQUER	
REC.	14 OCT 1988
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COPIES TO	

14/10

COMMUNITY CHARGE SPECIFIC GRANT

I have been following your correspondence with Nicholas Ridley on this subject, and I see that you have now agreed to his proposal for a specific grant.

I do not think that one is necessary for Wales. All authorities here are in receipt of grant and none is expected to suffer a drastic reduction from the 1989/90 settlement. To introduce a specific grant in Wales would be merely to add complexity for little practical result. But of course, as you say in your letter of 29 September to Cecil Parkinson, it is vital that both Nicholas and I make absolutely clear that we are simply adopting different approaches to distributing the same overall expenditure and grant which we have both already announced. On this basis, I think it would be simpler if the powers which Nicholas will have to take to pay his specific grant next year were to be exercisable only in England.

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

The Rt Hon John Major MP
Chief Secretary
HM Treasury
Parliament Street
LONDON
SW1