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Prime Minister

SIMPLIFIED NEEDS ASSESSMENTS

Last year in E(LF) we agreed the basis for determining needs assessments in the new system of local government finance. Since then my officials have taken forward this work in consultation with officials from relevant departments. They have now produced a package of options some of which are firmer than others. These are described in the enclosed paper which is in the form of a note to go to the local authority associations.

For most services there are a number of options which produce overall assessments ranging from broadly in line with present assessments to ones more favourable to inner city areas including inner London. The effect of the latter options would be to reduce community charges in inner London boroughs typically by around £100. Illustrative effects on community charges are shown in the enclosed table: these are based on:

- a. options more favourable to shire areas,
- b. a broad mix of options and,
- c. options more favourable to urban areas.

I must stress that these are purely illustrative at this stage and are intended simply to demonstrate the potential scale of the changes that might be made when we come to take decisions on new needs assessments. In particular they are based on 1988/89 budgets which for some authorities, such as Brent, understate real expenditure through the use of various creative accounting arrangements.

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The next stage in developing the simplified needs assessments is to discuss the options with the local authority associations. To this end officials have drafted a set of consultation papers for each of the service assessments. These contain some exemplifications of the effects on individual service needs assessments but there will be no reference to an overall package nor to the implications for community charges. Copies of the service annexes have been sent to officials in relevant departments.

We are under considerable pressure from the local authority associations to initiate the promised consultation on needs assessment. I would like to start consultation immediately so that officials have time to resolve all the technical issues and present us with final options next summer. I would be grateful for your agreement to my initiating consultation with the local authority associations on the basis of the enclosed paper and for the agreement of colleagues to the relevant annexes.

I am copying this to other members of E(LF) and Sir Robin Butler.

N R

15 November 1988

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DRAFT PAPER TO NEW SYSTEMS WORKING GROUP

SIMPLIFIED NEEDS ASSESSMENTS

1. The yellow booklet "The New Grant System"- set out the government's proposals for needs assessments in the new grant arrangements to be introduced in 1990. It noted that the methodology for making assessments should be much simpler than at present, that it should be more understandable to local tax payers, that it should be more stable, and that it should reflect needs no less fairly than the present GREs. This paper reports on progress on developing new needs assessments and invites the New Systems Working Group to set up a sub group to examine the proposals in more detail.

2. At present there are 63 separate GRE components for services. Ministers have announced that in the new system there should be many fewer assessments but that there should be separate assessments for every local authority and for each of the major local authority services. We now propose that there should be 12 separate service assessments in the new system. There should be four education assessments for primary, secondary, tertiary and other education; three personal social services assessments for children, elderly and other PSS; separate assessments for police, fire, highway maintenance, and capital expenditure; and a single assessment for all other services.

3. At present GREs are based largely on a client group/unit cost approach with an appropriate adjustment for the special needs associated with particular services, and an adjustment for higher costs in London. Where appropriate we propose to adopt a similar approach in the new needs assessments. The options for the new needs assessments are described in the attached annexes.

SUMMARY OF OPTIONS

4. Education : the present GRE components for education are fairly simple in form and have proved stable in practice. The main simplification proposed here is to rationalize the present 12 education components and reduce them to 4. These would cover primary, secondary, tertiary and other education. As at present the new assessment would allow for variations in the number of pupils, the number of pupils with additional educational needs, sparsity, and higher costs in London.
5. Personal Social Services: The present GREs for personal social services are the most complex of all. The scope for simplification on these services lies most in removing the redundant elements of the present assessments rather than reducing the number of separate assessments. We propose to retain separate assessments for children's services, services for the elderly, and the block of other services including those for the mentally and physically handicapped.
6. Two research projects have been undertaken to provide evidence for new needs assessments. The first by Kent University looked at children's services. The initial results of this work have already been reported to the local authority associations. A second option for this needs assessment is to draw on the results of the Kent research in order to construct a simplified version of the present arrangement.
7. The second research project was undertaken by York University into services for the elderly. They have produced a number of options all of which are much simpler than the present GRE. As with the children's GRE further work is in hand to develop these options.
8. For the other personal social services element we propose either to retain the existing methodology, which consists of a simple regression of expenditure against population and an index

of social deprivation, or to distribute this element in proportion to the sum of the PSS components for children and the elderly.

9. . Police : The present GRE for police is based on police establishments as approved by the Home Secretary. Within London the GRE of the Metropolitan Police is taken to be its budgeted expenditure on police services for the year as approved by the Home Secretary. We are proposing either to retain this methodology exactly as it is in the new system, or to include an allowance for the number of civilian staff employed by these forces. We have already discussed the second option with the local authority associations in the context of the 1989/90 settlement. We will continue this discussion in the context of the new needs assessments. Considerations here are the implications for incentives for efficiency, and privatisation of civilian work.

10. Fire and Civil Defence : The present GRE is distributed on the basis of a number of indicators such as population, density, number of fires, and high fire risk areas with the relative weights for these factors being derived from a regression against expenditure. We had hoped that better information on categorization of areas according to the level of fire risk would provide a basis for the new needs assessment. But the necessary data may not be available in time for use in new needs assessments. The options for this service are either to retain more or less the present methodology or to switch to a needs assessment based on establishments.

11. Highway maintenance : We propose to retain a separate needs assessment for highway maintenance in the new system but other transport services will be covered by the other services needs assessment. For highways maintenance we propose an assessment which allows both for the length and type of roads for which an authority is responsible, and the degree of usage on the

loads. As at present we propose to include a separate indicator to allow for the higher cost associated with severe weather conditions to take account of the cost of winter maintenance.

12. Financing costs of Capital Expenditure : At present the treatment of capital financing costs within the GRE system is not uniform. Debt charges on expenditure incurred before 1981/82 are in most cases distributed on the same basis as current expenditure for the particular service. Financing costs for capital expenditure incurred since April 1981 have been included within a separate GRE component distributed on the basis of individual authorities' allocations.

13. For the new system our objective is, as far as possible, an integrated needs assessment for financing costs of capital expenditure whenever it was undertaken. The financing costs of capital expenditure incurred before April 1990 can be taken into account on the basis of past needs assessments, past capital allocations, or outstanding debt at March 1990. Or they could be distributed on the basis of needs assessments for current expenditure.

14. We propose that annual capital guidelines should form the basis of the allowance for financing costs on capital expenditure incurred after April 1990.

15. The capital consultation paper proposes that half cash-backed capital receipts in 1990 and half of future capital receipts must be set aside for debt redemption or as a substitute for future borrowing. This will reduce the financing costs to be allowed for in the needs assessments. This use of receipts could be allowed in the needs assessment of the individual authorities setting aside receipts, apportioned across all authorities, or an intermediate position taken with part allowed for locally and part apportioned.

16. Other services : We are proposing that all remaining services should be combined into a single block. This provides the greatest scope for simplification amongst all of the proposals. Because of the diversity of services included in this block there are only a limited number of approaches which can be used to distribute it. The simplest would be to use a single indicator, such as population but this would take no account of the varying needs of authorities. We propose therefore to take account of a number of other factors which are thought to affect the cost of supplying a standard level of service for this group of services. The indicators we propose to use are population (with an allowance for the daily inflow of commuters), density of population, sparsity and an indicator of social deprivation. We propose to use a regression against past expenditure to inform the weights to be assigned to each of these indicators.

17. Area cost adjustment : At present a cost adjustment is made for London in respect of labour costs. This reflects the extra non-discretionary costs which London authorities face in providing a standard level of service. It is based on a comparison of wage rates using data from the New Earnings Survey. This method allows for variations in pay but some authorities have argued that it may not allow fully for all the higher costs of local authorities in London. We propose to examine this further.

18. Next Steps : This paper outlines the proposals for new needs assessments but there is still a lot of detailed work to be done and a number of technical issues to be resolved. We suggest that a Needs Assessment Sub Group be set up to carry this work forward.

The New Systems Working Group is invited :

- a) to comment on the proposals for new needs assessment; and
- b) to set up a Sub Group to carry forward the development of the new needs assessments.

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

(£ per adult)

	COL 1 1988/89 Adjusted published Community Charges	COL 2 Option 1	COL 3 Diff. (Col 2 - Col 1)	COL 4 Option 2	COL 5 Diff. (Col 4 - Col 1)	COL 6 Option 3	COL 7 Diff. (Col 6 - Col 1)
TOTAL England	245	245	-	245	-	245	-
TOTAL central boroughs	446	412	-34	348	-99	334	-112
TOTAL other inner London boroughs	536	500	-36	443	-93	430	-106
TOTAL inner London boroughs	521	486	-35	427	-94	414	-107
TOTAL outer London boroughs	236	236	-0	228	-8	225	-11
TOTAL London boroughs	335	322	-12	297	-37	290	-44
TOTAL Metropolitan districts	249	258	8	250	1	247	-2
TOTAL Shire districts	223	222	-1	231	8	234	11

NOTES

COLUMN 1 SHOWS PUBLISHED COMMUNITY CHARGES FOR 1988/89 WITHOUT ALLOWANCE FOR THE TRANSITIONAL SAFETY-NET, BUT ADJUSTED TO ALLOW FOR THE EFFECTS OF ABOLISHING ILEA AND RING-FENCING THE HOUSING REVENUE ACCOUNT (HRA). THE ILEA AND HRA EFFECTS ARE PROVISIONAL AT THIS STAGE, AND WILL BE PHASED IN DURING THE EARLY 1990s THROUGH THE TRANSITIONAL SAFETY-NET.

COLUMN 2 ILLUSTRATES 1988/89 COMMUNITY CHARGES WITH SIMPLIFIED NEEDS ASSESSMENTS GENERALLY FAVOURABLE TO THE SHIRE AREAS IN PLACE OF 1988/89 GRANT RELATED EXPENDITURE ASSESSMENTS (GRES). THE EFFECT OF THIS CHANGE TO NEEDS ASSESSMENTS ON COMMUNITY CHARGES IS SHOWN IN COLUMN 3.

SIMILARLY COLUMNS 4 AND 5 ILLUSTRATE THE EFFECTS OF A FAIRLY CENTRAL SET OF SIMPLIFIED NEEDS ASSESSMENTS.

COLUMNS 6 AND 7 ILLUSTRATE THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS FAVOURABLE TO INNER CITY AREAS.

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THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

	(£ per adult)						
	COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
	1988/89	Option 1	Diff.	Option 2	Diff.	Option 3	Diff.
	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						
GREATER LONDON							
City of London	255	269	15	269	14	269	14
Camden	532	500	-32	441	-91	430	-103
Greenwich	616	597	-19	585	-31	580	-37
Hackney	550	508	-41	414	-136	393	-156
Hammersmith and Fulham	483	453	-30	383	-100	369	-114
Islington	437	359	-79	293	-144	279	-158
Kensington and Chelsea	284	241	-43	187	-97	178	-106
Lambeth	519	508	-12	422	-97	405	-114
Lewisham	627	612	-16	575	-52	566	-62
Southwark	543	476	-66	416	-126	403	-140
Tower Hamlets	760	703	-56	632	-128	611	-149
Wandsworth	499	480	-19	441	-58	430	-69
Westminster	364	326	-37	254	-109	238	-126
Barking and Dagenham	292	254	-38	261	-31	259	-34
Barnet	230	234	4	233	3	230	0
Bexley	222	225	3	227	5	228	6
Brent	271	262	-9	223	-48	210	-61
Bromley	195	217	22	220	25	221	27
Croydon	197	197	-0	191	-7	188	-9
Ealing	236	225	-10	216	-20	207	-28
Enfield	255	244	-12	242	-13	240	-15
Haringey	291	297	6	247	-44	233	-58
Harrow	226	214	-12	217	-9	217	-10
Havering	218	242	24	251	33	253	35
Hillingdon	264	282	17	287	22	287	23
Hounslow	224	233	9	223	1	220	-4
Kingston-upon-Thames	241	247	6	250	9	250	9
Merton	215	210	-5	207	-8	205	-10
Newham	252	219	-33	185	-67	171	-80
Redbridge	196	197	1	193	-3	191	-5
Richmond-upon-Thames	260	289	29	281	21	281	21
Sutton	235	221	-14	228	-7	229	-6
Waltham Forest	252	242	-10	223	-29	216	-36

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	1988/89	Option 1	Diff.	Option 2	Diff.	Option 3	Diff.
	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						

GREATER MANCHESTER							
Bolton	221	246	26	245	25	243	23
Bury	247	269	21	268	20	269	21
Manchester	192	209	17	163	-29	153	-39
Oldham	213	217	4	210	-3	207	-6
Rochdale	271	300	29	299	28	297	26
Salford	265	266	1	249	-16	246	-19
Stockport	223	225	1	227	3	228	4
Tameside	268	286	18	285	18	284	16
Trafford	195	202	7	200	5	200	5
Wigan	277	299	22	303	26	304	27
MERSEYSIDE							
Knowsley	277	276	-1	254	-23	246	-31
Liverpool	256	244	-12	221	-35	213	-42
St Helens	275	295	20	307	33	308	33
Sefton	231	239	7	241	10	241	10
Wirral	267	272	5	266	-1	264	-3
SOUTH YORKSHIRE							
Barnsley	283	310	27	317	34	318	35
Doncaster	282	314	32	321	39	322	40
Rotherham	287	303	16	304	18	304	17
Sheffield	287	286	-1	280	-7	279	-8
TYNE AND WEAR							
Gateshead	255	259	4	260	5	259	4
Newcastle upon Tyne	288	274	-14	256	-32	253	-35
North Tyneside	248	250	2	251	2	250	2
South Tyneside	276	262	-13	250	-26	247	-29
Sunderland	274	261	-13	258	-16	256	-18
WEST MIDLANDS							
Birmingham	207	210	3	185	-22	175	-31
Coventry	246	249	3	243	-3	238	-8
Dudley	235	231	-4	231	-4	231	-4
Sandwell	237	241	5	228	-8	222	-14
Solihull	179	165	-14	171	-8	172	-7
Walsall	264	276	12	273	9	270	6
Wolverhampton	237	247	10	233	-4	225	-12
WEST YORKSHIRE							
Bradford	272	288	16	277	5	272	-1
Calderdale	296	327	31	329	33	329	33
Kirklees	285	320	35	326	40	325	40
Leeds	219	224	5	218	-1	217	-2
Wakefield	281	301	20	310	28	311	29

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AVON							
Bath	259	255	-4	253	-6	254	-5
Bristol	270	255	-15	253	-17	254	-17
Kingswood	240	203	-37	202	-38	203	-38
Northavon	254	233	-21	237	-17	239	-14
Wansdyke	255	251	-4	255	-1	257	1
Woodspring	262	250	-12	253	-9	255	-7
BEDFORDSHIRE							
North Bedfordshire	254	249	-5	256	2	258	4
Luton	244	216	-28	218	-26	218	-26
Mid Bedfordshire	252	248	-4	260	8	263	11
South Bedfordshire	278	265	-13	271	-7	272	-6
BERKSHIRE							
Bracknell	186	159	-27	167	-19	170	-17
Newbury	178	166	-12	177	-1	181	3
Reading	194	185	-8	190	-4	191	-2
Slough	178	164	-14	169	-10	170	-8
Windsor and Maidenhead	211	202	-9	210	-0	213	2
Wokingham	210	189	-21	197	-13	200	-10
BUCKINGHAMSHIRE							
Aylesbury Vale	218	204	-14	217	-2	221	3
South Bucks	238	236	-2	248	10	252	14
Chiltern	234	228	-5	238	4	241	8
Milton Keynes	256	242	-14	250	-6	253	-3
Wycombe	232	229	-3	237	5	240	9
CAMBRIDGESHIRE							
Cambridge	204	210	6	217	13	219	15
East Cambridgeshire	214	221	8	240	26	246	33
Fenland	213	228	14	243	30	249	35
Huntingdonshire	202	207	5	222	20	227	25
Peterborough	228	232	4	241	13	244	16
South Cambridgeshire	186	190	5	208	23	215	29
CHESHIRE							
Chester	238	235	-3	246	8	249	11
Congleton	233	228	-5	239	6	242	9
Crewe and Nantwich	241	242	1	252	11	254	13
Ellesmere Port and Neston	212	195	-16	204	-7	206	-5
Halton	234	226	-8	233	-1	234	0
Macclesfield	223	217	-6	227	4	230	7
Vale Royal	231	230	-1	243	12	246	15
Warrington	234	225	-9	234	1	237	3

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	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						
CLEVELAND							
Hartlepool	290	274	-16	262	-28	258	-32
Langbaugh-on-Tees	305	301	-4	291	-13	289	-16
Middlesbrough	301	281	-19	268	-33	264	-36
Stockton-on-Tees	275	258	-17	247	-29	243	-32
CORNWALL							
Caradon	193	204	11	216	23	220	27
Carrick	196	205	9	216	20	220	24
Kerrier	194	206	12	218	24	223	29
North Cornwall	193	208	15	222	29	227	34
Penwith	196	215	20	227	31	231	35
Restormel	190	204	14	217	27	222	31
CUMBRIA							
Allerdale	261	270	10	284	23	289	28
Barrow in Furness	268	274	5	283	15	287	19
Carlisle	268	268	-0	279	11	283	15
Copeland	268	278	10	292	24	297	28
Eden	256	269	13	287	31	293	37
South Lakeland	270	282	11	297	26	302	31
DERBYSHIRE							
Amber Valley	259	271	12	282	23	284	25
Bolsover	285	301	16	314	28	316	31
Chesterfield	267	285	18	294	27	295	28
Derby	261	267	6	274	13	275	14
Erewash	260	266	5	275	15	276	16
High Peak	272	283	11	296	24	299	27
North East Derbyshire	285	292	7	305	20	307	22
South Derbyshire	261	268	6	283	21	286	25
Derbyshire Dales	267	280	14	298	31	302	36
DEVON							
East Devon	197	207	11	220	24	224	27
Exeter	188	195	8	202	14	203	16
North Devon	200	211	12	226	26	231	31
Plymouth	187	190	3	196	9	198	11
South Hams	202	219	18	234	32	238	37
Teignbridge	200	209	9	222	21	225	25
Mid Devon	208	218	10	233	25	238	30
Torbay	218	239	21	245	28	247	29
Torridge	200	215	15	230	30	234	34
West Devon	202	214	12	229	27	234	31

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	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						
DORSET							
Bournemouth	175	191	16	194	19	195	20
Christchurch	172	177	5	183	11	186	14
North Dorset	164	165	1	178	14	183	19
Poole	171	175	4	178	8	180	10
Purbeck	162	169	7	181	19	186	24
West Dorset	165	175	10	185	20	189	24
Weymouth and Portland	168	182	15	186	19	189	21
East Dorset	184	187	3	194	10	198	14
DURHAM							
Chester-le-Street	248	244	-4	252	4	253	5
Darlington	261	245	-16	251	-9	252	-9
Derwentside	266	275	9	284	18	286	20
Durham	237	236	-1	247	10	249	12
Easington	240	249	9	256	16	257	17
Sedgefield	286	292	6	302	15	303	17
Teesdale	224	228	4	243	18	246	21
Wear Valley	283	286	4	297	14	299	16
EAST SUSSEX							
Brighton	213	216	3	214	1	214	1
Eastbourne	192	218	26	218	26	219	27
Hastings	194	198	4	197	2	197	2
Hove	198	179	-18	177	-21	177	-21
Lewes	197	198	1	200	3	202	5
Rother	198	203	6	207	10	210	12
Wealden	201	201	0	206	6	209	8
ESSEX							
Basildon	264	254	-10	259	-5	262	-3
Braintree	221	215	-5	226	5	230	9
Brentwood	386	380	-5	389	3	392	6
Castle Point	235	212	-23	217	-19	219	-17
Chelmsford	229	213	-16	222	-8	225	-4
Colchester	229	226	-3	234	4	237	7
Epping Forest	262	256	-6	265	3	269	7
Harlow	374	354	-21	357	-17	359	-15
Maldon	228	226	-1	239	11	243	15
Rochford	231	217	-14	225	-6	228	-3
Southend-on-Sea	231	219	-12	223	-8	225	-6
Tendring	227	230	3	238	12	242	15
Thurrock	294	295	2	302	8	304	11
Uttlesford	225	220	-5	235	10	241	15

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	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						

GLOUCESTERSHIRE							
Cheltenham	219	220	1	230	11	233	13
Cotswold	207	214	8	233	27	239	32
Forest of Dean	216	219	3	240	24	246	31
Gloucester	211	208	-3	218	7	220	9
Stroud	215	219	3	236	20	241	25
Tewkesbury	200	208	8	224	23	228	28
HAMPSHIRE							
Basingstoke and Deane	178	158	-20	166	-12	169	-9
East Hampshire	195	187	-8	199	4	203	8
Eastleigh	188	175	-12	180	-8	182	-6
Fareham	195	181	-14	185	-10	187	-8
Gosport	187	167	-20	170	-17	172	-15
Hart	217	198	-19	206	-11	210	-8
Havant	188	169	-19	173	-15	175	-13
New Forest	199	195	-4	205	6	208	10
Portsmouth	199	183	-16	186	-13	187	-12
Rushmoor	201	177	-24	180	-21	182	-19
Southampton	185	178	-8	181	-5	182	-3
Test Valley	186	179	-7	190	3	193	7
Winchester	194	187	-7	197	3	201	7
HEREFORD AND WORCESTER							
Bromsgrove	168	167	-1	181	13	185	17
Hereford	162	164	2	173	11	176	13
Leominster	177	188	12	207	30	213	36
Malvern Hills	179	187	8	204	24	209	30
Redditch	202	202	-1	211	9	214	11
South Herefordshire	164	171	8	190	26	196	32
Worcester	180	182	2	191	11	193	13
Wychavon	183	100	5	204	21	209	26
Wyre Forest	198	194	-4	205	7	208	10
HERTFORDSHIRE							
Broxbourne	247	226	-20	232	-14	235	-12
Dacorum	258	234	-24	242	-17	245	-13
East Hertfordshire	248	241	-8	251	2	255	6
Hertsmere	260	244	-16	251	-9	254	-6
North Hertfordshire	252	245	-8	253	1	257	4
St Albans	255	240	-15	247	-8	250	-5
Stevenage	285	260	-25	265	-21	267	-18
Three Rivers	259	245	-14	253	-7	256	-4
Watford	249	227	-22	231	-18	233	-16
Welwyn Hatfield	283	271	-12	280	-3	283	1

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

	(£ per adult)						
	COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
	1988/89	Option 1	Diff.	Option 2	Diff.	Option 3	Diff.
	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						
HUMBERSIDE							
Beverley	263	259	-4	265	2	266	3
Boothferry	270	274	4	284	14	286	16
Cleethorpes	277	273	-4	276	-1	276	-1
Glanford	265	266	2	277	12	280	15
Great Grimsby	265	262	-2	263	-2	262	-2
Holderness	260	264	4	273	13	276	16
Kingston upon Hull	250	267	17	267	18	267	17
East Yorkshire	277	289	12	297	19	298	21
Scunthorpe	303	307	4	309	6	308	5
ISLE OF WIGHT							
Medina	225	234	9	242	17	246	21
South Wight	238	258	20	268	30	272	35
KENT							
Ashford	184	176	-8	186	2	190	6
Canterbury	180	187	7	196	16	199	19
Dartford	198	195	-3	202	3	203	5
Dover	181	181	1	190	9	193	12
Gillingham	172	147	-25	151	-21	153	-20
Gravesham	180	165	-16	171	-9	173	-7
Maidstone	173	164	-9	173	-0	176	3
Rochester upon Medway	159	145	-14	151	-8	153	-5
Sevenoaks	183	180	-3	192	9	196	13
Shepway	199	204	5	212	13	215	16
Swale	181	185	4	194	13	197	16
Thanet	182	187	4	192	10	194	12
Tonbridge and Malling	190	191	1	201	11	205	14
Tunbridge Wells	180	181	2	191	11	194	14
LANCASHIRE							
Blackburn	255	260	6	262	8	261	7
Blackpool	233	237	4	238	5	237	4
Burnley	259	263	4	266	6	265	6
Chorley	227	233	5	239	11	239	12
Fylde	225	234	9	239	15	240	15
Hyndburn	244	250	5	253	8	252	8
Lancaster	227	232	5	236	9	236	9
Pendle	252	262	10	266	14	266	15
Preston	213	219	6	222	9	221	8
Ribble Valley	237	241	4	249	12	251	14
Rosendale	263	282	19	290	27	292	28
South Ribble	228	224	-4	227	-0	227	-1
West Lancashire	234	238	4	244	11	245	12
Wyre	225	228	3	232	7	232	7

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

	(£ per adult)						
	COL 1	COL 2	COL 3	COL 4	COL 5	COL 6	COL 7
	1988/89	Option 1	Diff.	Option 2	Diff.	Option 3	Diff.
	Adjusted		(Col 2 -		(Col 4 -		(Col 6 -
	published		Col 1)		Col 1)		Col 1)
	Community						
	Charges						
LEICESTERSHIRE							
Blaby	202	198	-5	205	2	206	4
Charnwood	206	216	10	223	17	225	19
Harborough	218	223	5	234	16	236	18
Hinckley and Bosworth	200	209	9	215	15	216	16
Leicester	228	235	6	236	7	235	7
Melton	228	246	18	254	26	256	28
North West Leicestershire	220	233	13	241	21	243	23
Oadby and Wigston	214	207	-7	210	-4	210	-4
Rutland	199	206	7	217	18	220	21
LINCOLNSHIRE							
Boston	192	214	22	226	34	230	38
East Lindsey	198	229	31	243	45	248	50
Lincoln	196	216	20	222	26	224	28
North Kesteven	196	199	3	214	18	219	23
South Holland	194	216	23	231	37	236	42
South Kesteven	205	211	7	224	19	228	23
West Lindsey	203	210	7	225	22	230	27
NORFOLK							
Breckland	180	183	3	203	23	208	28
Broadland	179	171	-8	189	11	194	15
Great Yarmouth	190	202	11	218	28	222	31
North Norfolk	174	189	14	209	35	214	40
Norwich	200	209	9	221	20	223	22
South Norfolk	178	175	-3	198	20	204	25
King's Lynn and West Norfolk	179	191	12	212	32	217	37
NORTHAMPTONSHIRE							
Corby	217	203	-13	212	-4	214	-2
Daventry	241	234	6	253	11	257	16
East Northamptonshire	201	193	-8	208	7	212	11
Kettering	216	204	-12	214	-2	216	0
Northampton	231	225	-7	232	1	234	2
South Northamptonshire	209	202	-7	220	11	225	16
Wellingborough	212	219	7	230	18	233	21
NORTHUMBERLAND							
Alnwick	254	265	11	283	29	289	35
Berwick-upon-Tweed	252	268	16	286	34	291	39
Blyth Valley	286	281	-4	293	7	296	11
Castle Morpeth	251	252	1	269	19	275	24
Tynedale	265	273	8	290	26	296	31
Wansbeck	289	296	7	309	20	312	23

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

(£ per adult)

	COL 1 1988/89 Adjusted published Community Charges	COL 2 Option 1	COL 3 Diff. (Col 2 - Col 1)	COL 4 Option 2	COL 5 Diff. (Col 4 - Col 1)	COL 6 Option 3	COL 7 Diff. (Col 6 - Col 1)
NORTH YORKSHIRE							
Craven	212	225	13	243	31	250	38
Hambleton	210	217	7	237	27	243	34
Harrogate	234	240	6	254	20	258	24
Richmondshire	210	216	6	235	25	242	32
Ryedale	209	219	11	235	26	240	32
Scarborough	219	237	17	250	30	254	35
Selby	227	232	5	251	25	258	31
York	185	191	6	200	15	203	18
NOTTINGHAMSHIRE							
Ashfield	245	252	6	254	8	253	8
Bassetlaw	269	280	11	286	18	288	19
Broxtowe	245	238	-7	239	-6	239	-6
Gedling	245	227	-18	229	-17	228	-17
Mansfield	263	267	3	268	5	267	4
Newark and Sherwood	249	256	7	264	15	265	16
Nottingham	249	257	9	257	8	256	7
Rushcliffe	244	246	2	252	8	253	9
OXFORDSHIRE							
Cherwell	244	234	-10	246	2	251	7
Oxford	233	242	9	248	16	251	19
South Oxfordshire	245	243	-3	257	12	262	17
Vale of White Horse	232	227	-5	241	9	247	15
West Oxfordshire	250	245	-5	260	10	265	15
SHROPSHIRE							
Bridgnorth	183	181	-2	193	10	197	14
North Shropshire	194	195	1	206	13	211	17
Oswestry	195	198	3	208	13	212	17
Shrewsbury and Atcham	192	190	-2	197	6	200	8
South Shropshire	186	192	7	206	21	211	26
Wrekin	207	201	-7	207	-0	209	2
SOMERSET							
Mendip	209	219	10	236	27	241	33
Sedgemoor	224	232	8	249	25	254	30
Taunton Deane	209	217	8	233	24	238	29
West Somerset	217	247	30	264	47	270	53
South Somerset	213	220	7	238	25	244	31

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

(£ per adult)

	COL 1 1988/89 Adjusted published Community Charges	COL 2 Option 1	COL 3 Diff. (Col 2 - Col 1)	COL 4 Option 2	COL 5 Diff. (Col 4 - Col 1)	COL 6 Option 3	COL 7 Diff. (Col 6 - Col 1)
STAFFORDSHIRE							
Cannock Chase	209	204	-5	215	6	217	8
East Staffordshire	204	206	3	220	16	223	19
Lichfield	202	194	-7	207	6	210	9
Newcastle-under-Lyme	212	216	4	227	16	230	18
South Staffordshire	200	200	-0	216	15	219	19
Stafford	206	204	-2	218	12	222	15
Staffordshire Moorlands	220	224	4	240	20	244	24
Stoke-on-Trent	213	221	9	231	18	232	20
Tamworth	199	196	-3	206	7	207	8
SUFFOLK							
Babergh	211	217	6	236	25	242	31
Forest Heath	194	208	13	225	31	231	36
Ipswich	203	213	9	222	19	225	22
Mid Suffolk	199	206	7	225	27	232	33
St Edmundsbury	181	182	1	198	17	203	22
Suffolk Coastal	207	217	10	234	26	239	32
Waveney	194	202	8	215	21	219	25
SURREY							
Elmbridge	188	186	-2	192	4	196	8
Epsom and Ewell	244	230	-14	234	-9	238	-6
Guildford	267	264	-2	273	6	278	11
Mole Valley	173	175	3	184	11	188	15
Reigate and Banstead	232	225	-7	233	1	237	5
Runnymede	195	222	27	228	33	232	37
Spelthorne	220	214	-6	219	-1	223	3
Surrey Heath	189	184	-5	191	2	195	6
Tandridge	222	216	-6	227	5	232	10
Waverley	214	216	2	226	12	231	17
Woking	172	163	-8	170	-1	174	2
WARWICKSHIRE							
North Warwickshire	259	260	1	275	17	280	21
Nuneaton and Bedworth	252	255	4	263	12	265	14
Rugby	222	222	0	234	11	237	15
Stratford on Avon	229	232	3	249	20	254	25
Warwick	226	222	-4	232	6	235	9

DATE: 10-NOV

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Table 1

THE EFFECTS OF SIMPLIFIED NEEDS ASSESSMENTS ON IMPLIED 1988/89 COMMUNITY CHARGES WITH NO TRANSITIONAL SAFETY NET

(£ per adult)

	COL 1 1988/89 Adjusted published Community Charges	COL 2 Option 1	COL 3 Diff. (Col 2 - Col 1)	COL 4 Option 2	COL 5 Diff. (Col 4 - Col 1)	COL 6 Option 3	COL 7 Diff. (Col 6 - Col 1)
WEST SUSSEX							
Adur	206	201	-5	211	5	214	8
Arun	187	182	-5	195	8	198	12
Chichester	179	178	-1	194	16	200	21
Crawley	250	223	-27	232	-18	235	-16
Horsham	182	178	-3	195	13	200	18
Mid Sussex	182	172	-10	185	4	189	8
Worthing	179	174	-4	183	5	186	7
WILTSHIRE							
Kennet	220	219	-1	240	20	246	26
North Wiltshire	234	227	-7	247	13	253	18
Salisbury	215	213	-1	232	18	237	23
Thamesdown	266	257	-9	270	4	273	7
West Wiltshire	236	232	-4	249	13	254	18
ALL PURPOSE AUTHORITY							
Isles of Scilly	147	229	82	259	112	270	123

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QUEEN ANNE'S GATE
LONDON SW1H 9AT

21 November 1988

Dear Nicholas,
SIMPLIFIED NEEDS ASSESSMENTS

Thank you for copying to me your minute of 15 November to the Prime Minister. I am content with your proposal to consult the local authority associations and with the paper describing how Home Office services are to be treated under the new arrangements, although I understand that officials still have one or two points to resolve.

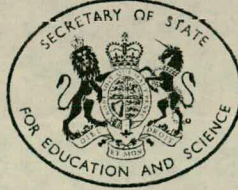
Copies of this go to the recipients of your minute.

*Yours,
Douglas*

The Rt Hon Nicholas Ridley, MP
Department of the Environment

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PRIME MINISTER

SIMPLIFIED NEEDS ASSESSMENTS

I have seen a copy of Nicholas Ridley's minute to you of 15 November about simplified needs assessments.

I welcome Nick's paper and his intention to start consultations very soon. The inner London boroughs have a particular interest in the proposals for education needs assessments in the context of the transfer of education responsibilities from ILEA and they have been pressing hard for the publication of the paper. I hope it will be possible for it to issue before the end of November. The boroughs are likely to press for final decisions on the education needs assessments to be taken as early as possible next year, but this is something I shall discuss separately with Nick.

Copies of this minute go to other members of E(LF) and Sir Robert Butler.

K.S.

KB
Department of Education and Science

21 November 1988

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1. ACISA
2. pmp

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

The Rt Hon Nicholas Ridley AMICE MP
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

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Nick Ridley

24 NOV 1988

SIMPLIFIED NEEDS ASSESSMENTS

Thank you for sending me a copy of your minute of 15 November to the Prime Minister.

The proposals our officials have devised for the coverage of transport are very much simpler and more satisfactory than the present system, whilst recognising the differing responsibilities of local authorities in London and the Metropolitan areas.

I want, however, to put up an early marker against the option for the treatment of capital receipts, which would spread the allowance for them evenly across all authorities. I am strongly opposed to this because it would perpetuate in the needs assessment the unfairness which has been such a problem in the present capital control system.

This is, however, only an option in the paper, and need not hold up its circulation. I think it is very important that you should be able to circulate it before the end of November. There is little enough time to deal with all the detailed technical issues that arise, and my Department has also been under considerable pressure to reveal proposals on the transport and capital need assessments.

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

Paul Channon

PAUL CHANNON



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1 Alex 2mp

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Prime Minister

NEEDS ASSESSMENT

I was interested to see Nicholas Ridley's minute to you of 15 November outlining his progress on simplifying needs assessments in England for the new system of local government finance.

I have also been reviewing need assessments in Wales. The simpler structure of local government here means that assessments in Wales are already less complex and more stable than in England, so fewer changes have been needed. In fact the county councils have expressed themselves content with their present formula and I see no reason to seek to change it. The district councils are considering a relatively small change to their needs assessment which has the effect of moving resources towards the Valley areas, and if they bring forward an acceptable proposal I am willing to accommodate them on this. I expect to have agreement on a revised formula early next year.

I am copying this minute to other members of E(LF) and to Sir Robin Butler.

P W

28 November 1988



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services Security

MP

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The Rt Hon Nicholas Ridley MP
Secretary of State for Environment
Department of Environment
2 Marsham Street
LONDON
SW1P 3EB

30 November 1988

Dear Nicholas.

SIMPLIFIED NEEDS ASSESSMENT

You wrote to the Prime Minister on 15 November with proposals to issue a consultation document setting out your ideas for a simplified needs assessment.

I agree that we should act quickly in seeking views on the proposed changes and I am content with the annexes.

I am sending copies of this letter to recipients of your minute.

JOHN MOORE



MP *6/12 APH*
3/12

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PRIME MINISTER

SIMPLIFIED NEEDS ASSESSMENTS

I have seen a copy of Nicholas Ridley's minute to you of 15 November about simplified needs assessments. I welcome his proposal to consult the local authority associations on the basis set out in his paper.

The paper proposes continuing to use New Earnings Survey data in calculating area cost adjustments. There are some difficulties in using this data for small areas and for some occupations because of the small size of the sample used. Nick's officials may like to discuss these with my statisticians to ensure that the new system takes these limitations into account as far as possible. The official dealing with this here is Mr C Lewis who can be contacted on 273 5569.

Copies of this minute go to other members of E(LF) and Sir Robin Butler.

NF
NF

W. Butler

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MP

✓ 30/11

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 November 1988

Dear Roger,

SIMPLIFIED NEEDS ASSESSMENTS

The Prime Minister was grateful for your Secretary of State's minute of 15 November and the Chief Secretary's minute of 25 November.

The Prime Minister is content for the consultation process to proceed on the basis set out by the Chief Secretary.

I am copying this letter to the Private Secretaries to members of E(LF) and to Trevor Woolley (Cabinet Office).

*Yan,
P.G.*

PAUL GRAY

Roger Bright, Esq.,
Department of the Environment.

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