



Minister for Local Government

Department of the Environment
2 Marsham Street
London SW1P 3EB

Telephone 01-212 7601

2nd March 1988

Dear Prime Minister

RATE RISES

I wrote to you on 26 February with information about the RSG Settlement, and in particular mentioned the use of GRES as a basis for scrutinising budgets. You may also find it useful to see the information provided by the Audit Commission which is potentially extremely useful for Councillors seeking to identify areas of extravagance. Councillor Pym has used this information.

The Audit Commission produce profiles of each authority, designed to provide statistical material to help auditors and authorities ask pertinent questions. I enclose as an example the profile for Barnet. It compares Barnet's performances with that of other boroughs of a similar type - in Barnet's case all other outer-London boroughs.

The profile shows:

- Barnet employs fewer staff than average for most functions. "Other education staff", where it is substantially above the average and refuse collection are notable exceptions (page 5);
- Barnet's net expenditure on each person in residential care is £6,672, compared with an average of £5,856. Home helps, however, cost only £4.01 per hour, compared with an average of £7.28 (page 28);
- Barnet spends £10.15 per head on refuse collection, compared with £8.87. This is probably because it employs 0.71 people per 1000 population on this function, compared with an average of 0.58, and because each employee costs £12,114 compared with £10,856 (page 44).

These are merely three random examples: there are similar indicators for every local authority function.

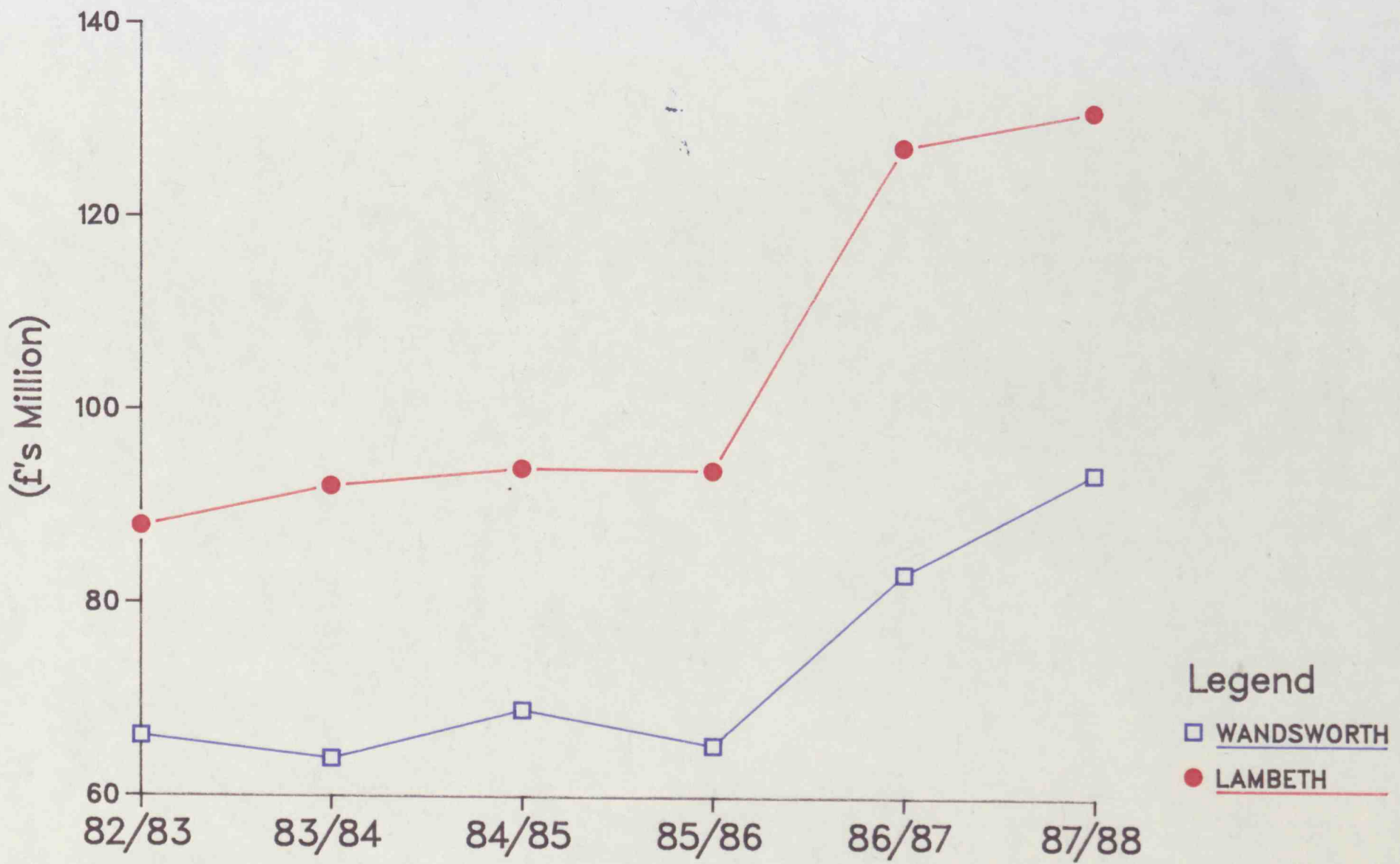
There may be very good reasons why Barnet is above average on these particular indicators, but these examples do stimulate questions which Councillors ought to be putting to their officials. This method of comparison has the advantage that it is based not on figures laid down by Government (as in GREs), but what other authorities faced with broadly similar circumstances can actually achieve. You may therefore think it worthwhile to commend to Councillors that they study the profiles in detail, and go through the figures with their officials.

You may also find it interesting to see the enclosed comparison of the performance of Lambeth and Wandsworth councils. The graphs illustrate clearly that Lambeth have consistently spent above GRE while Wandsworth have been able to spend at or below their figure, even though they have a lower GRE per head than Lambeth. The graphs also show that Lambeth's manpower has increased slightly since 1980, while Wandsworth have been able to make substantial reductions. Lambeth now has twice as many staff as Wandsworth. These comparisons demonstrate very clearly the difference between a prudent and a profligate authority.

J - end
Michael

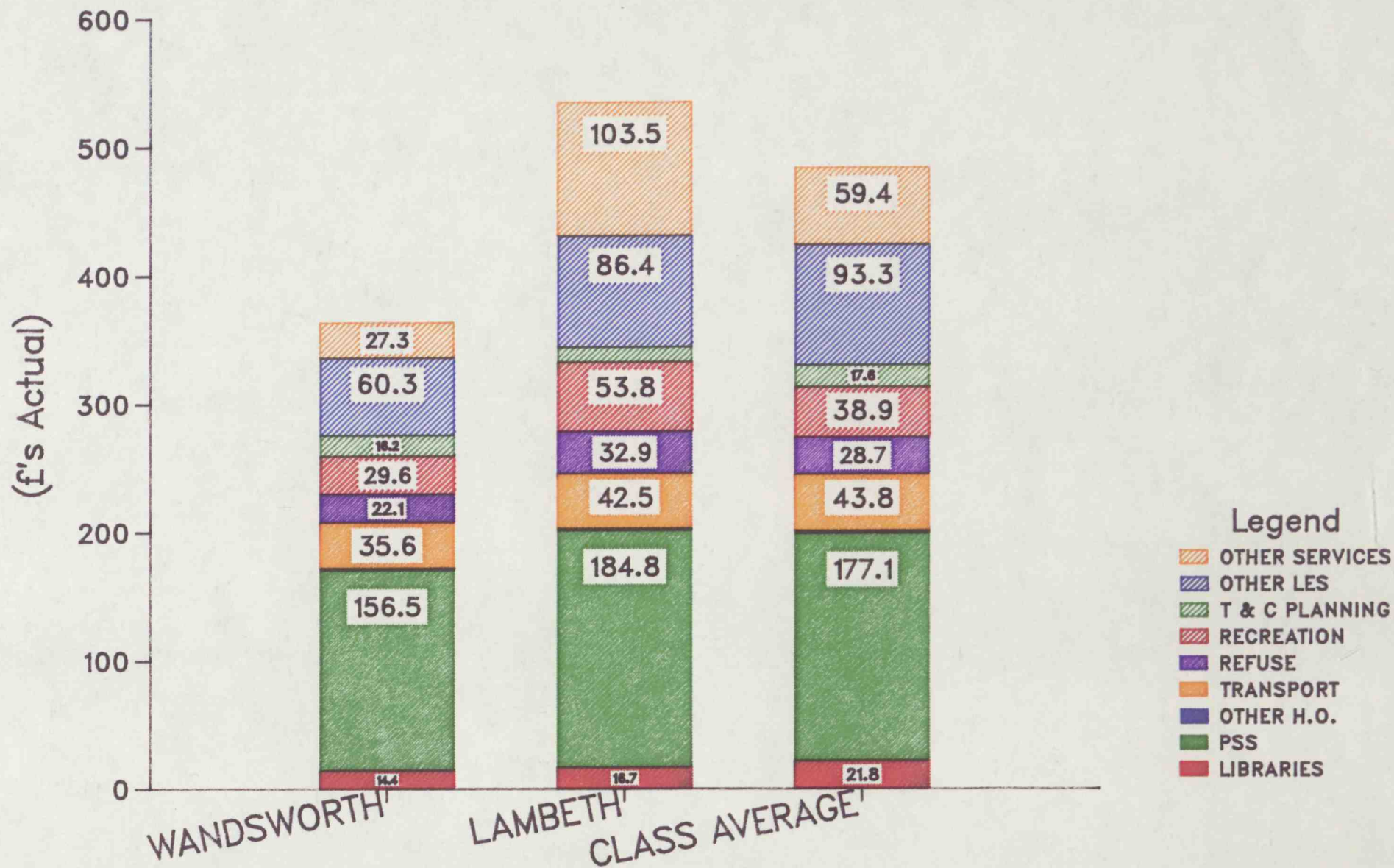
MICHAEL HOWARD

CURRENT EXPENDITURE GROWTH: IN REAL TERMS (1987/88 PRICES) WANDSWORTH & LAMBETH

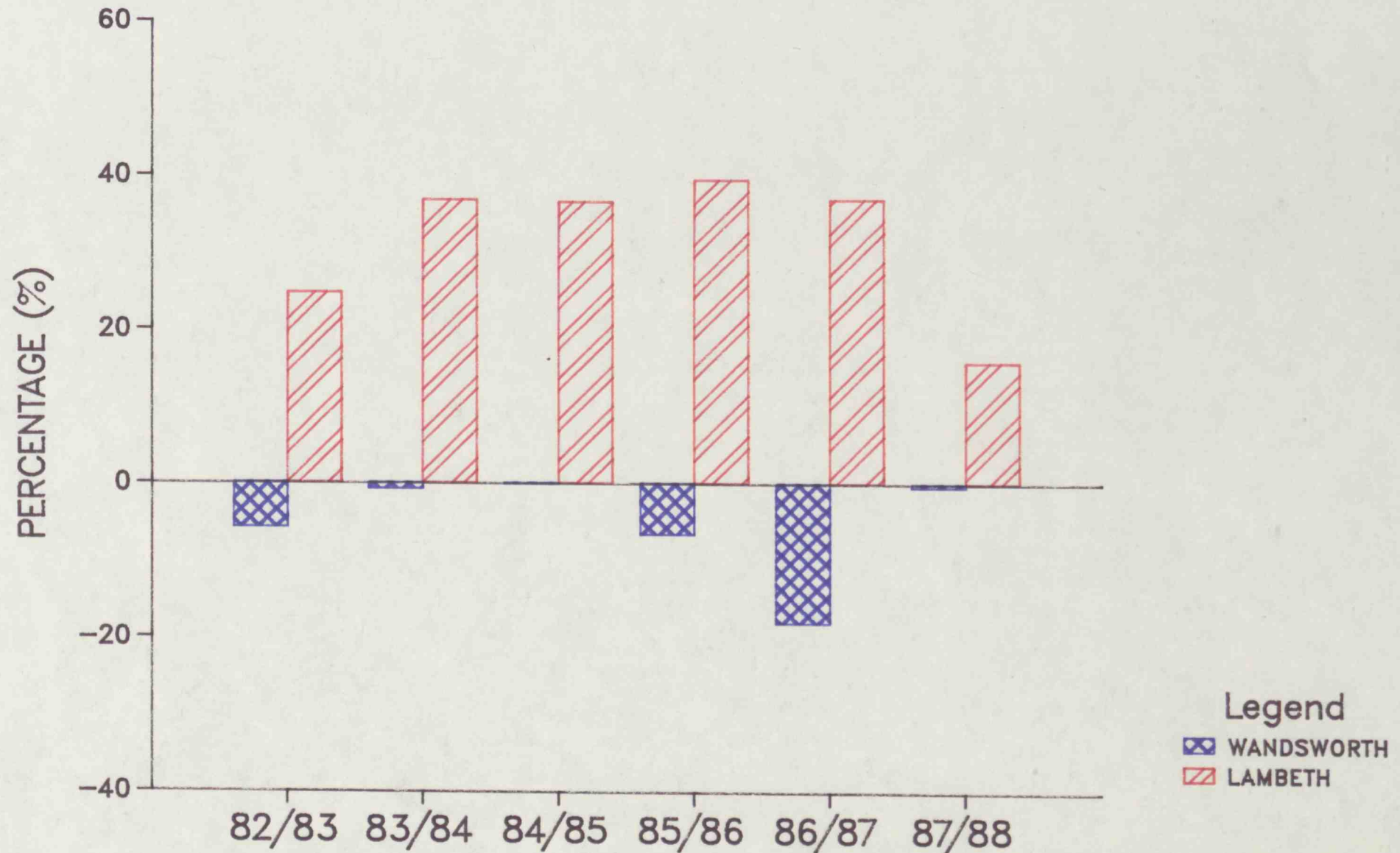


Legend
□ WANDSWORTH
● LAMBETH

NET CURRENT EXPENDITURE PER HEAD, BY SERVICE 1987/88 -WANDSWORTH & LAMBETH



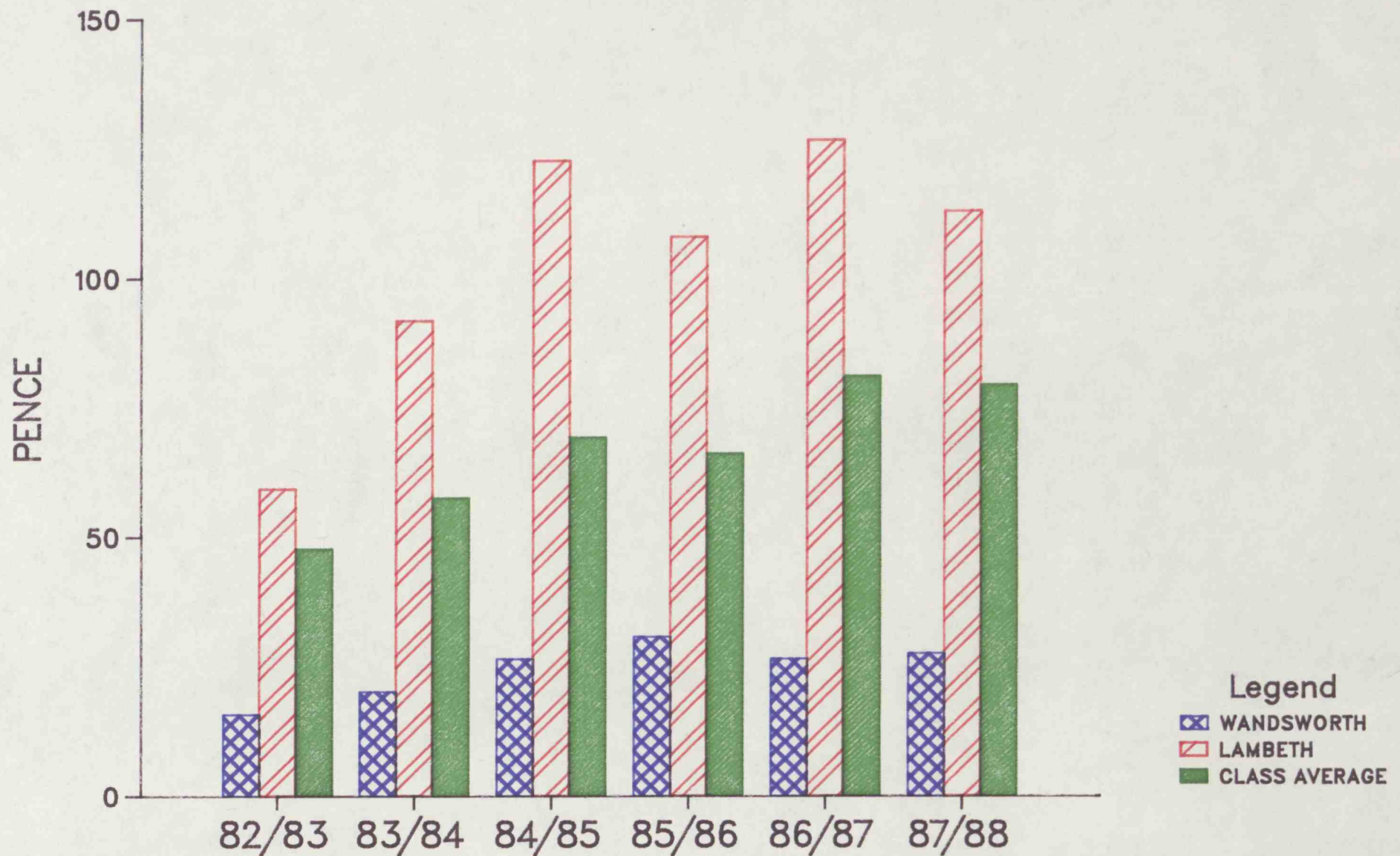
LATEST TOTAL EXPENDITURE COMPARED TO GRE : WANDSWORTH & LAMBETH



Legend

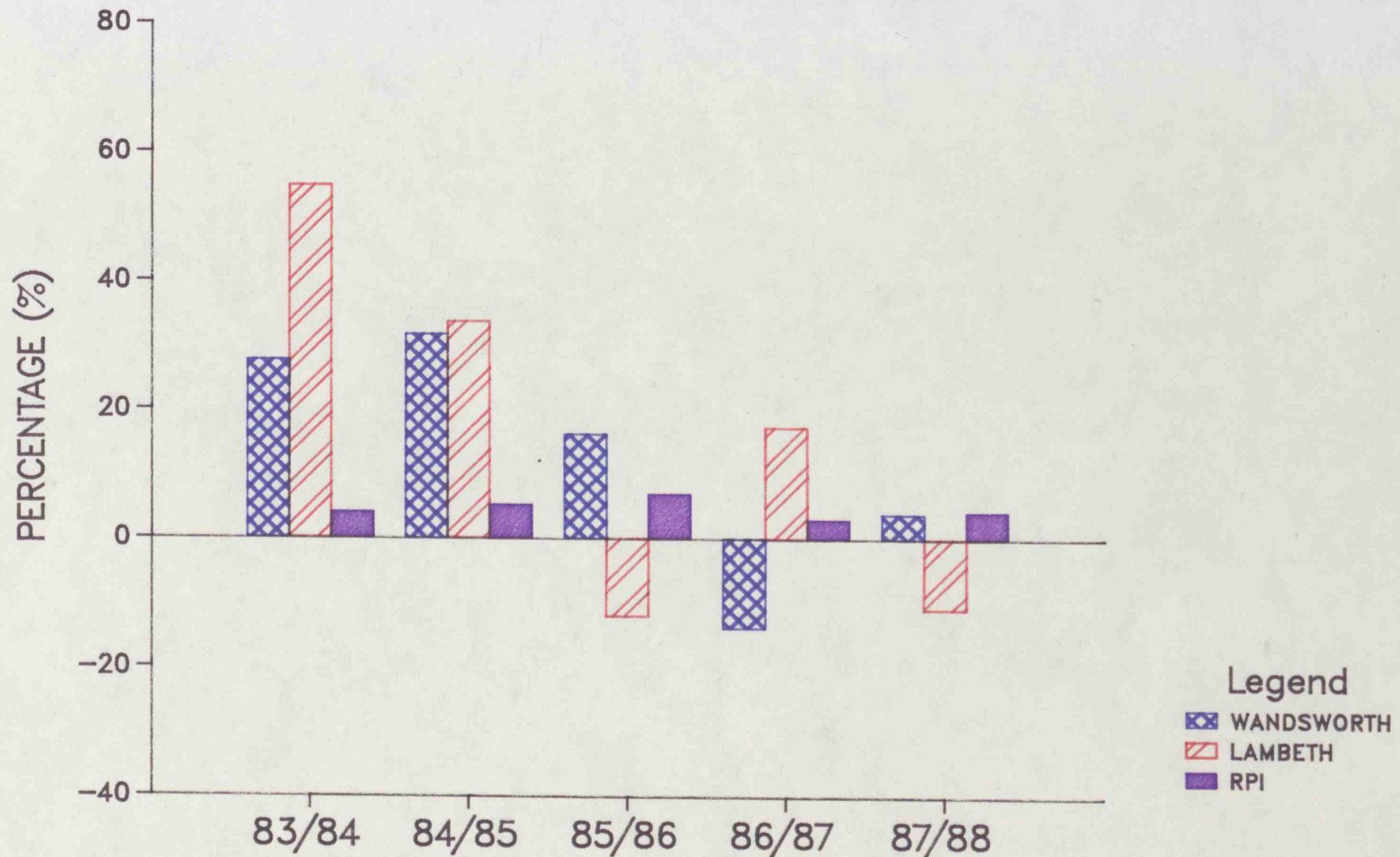
- WANDSWORTH
- LAMBETH

LOCAL RATE POUNDAGES : ACTUAL AND CLASS AVERAGES : WANDSWORTH & LAMBETH

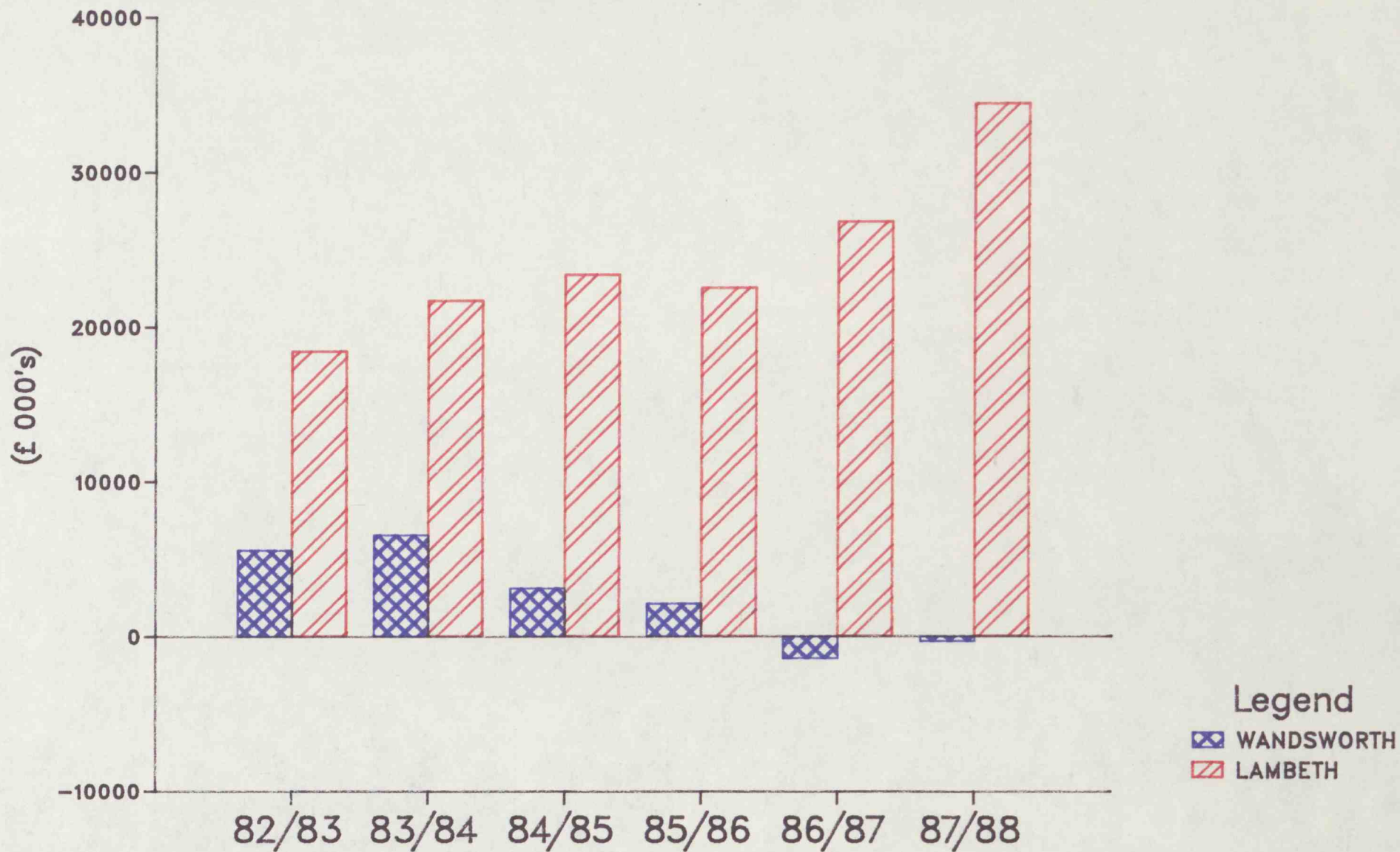


Legend
WANDSWORTH
LAMBETH
CLASS AVERAGE

LOCAL RATES & GENERAL PRICES YEAR ON YEAR % CHANGE : WANDSWORTH & LAMBETH.



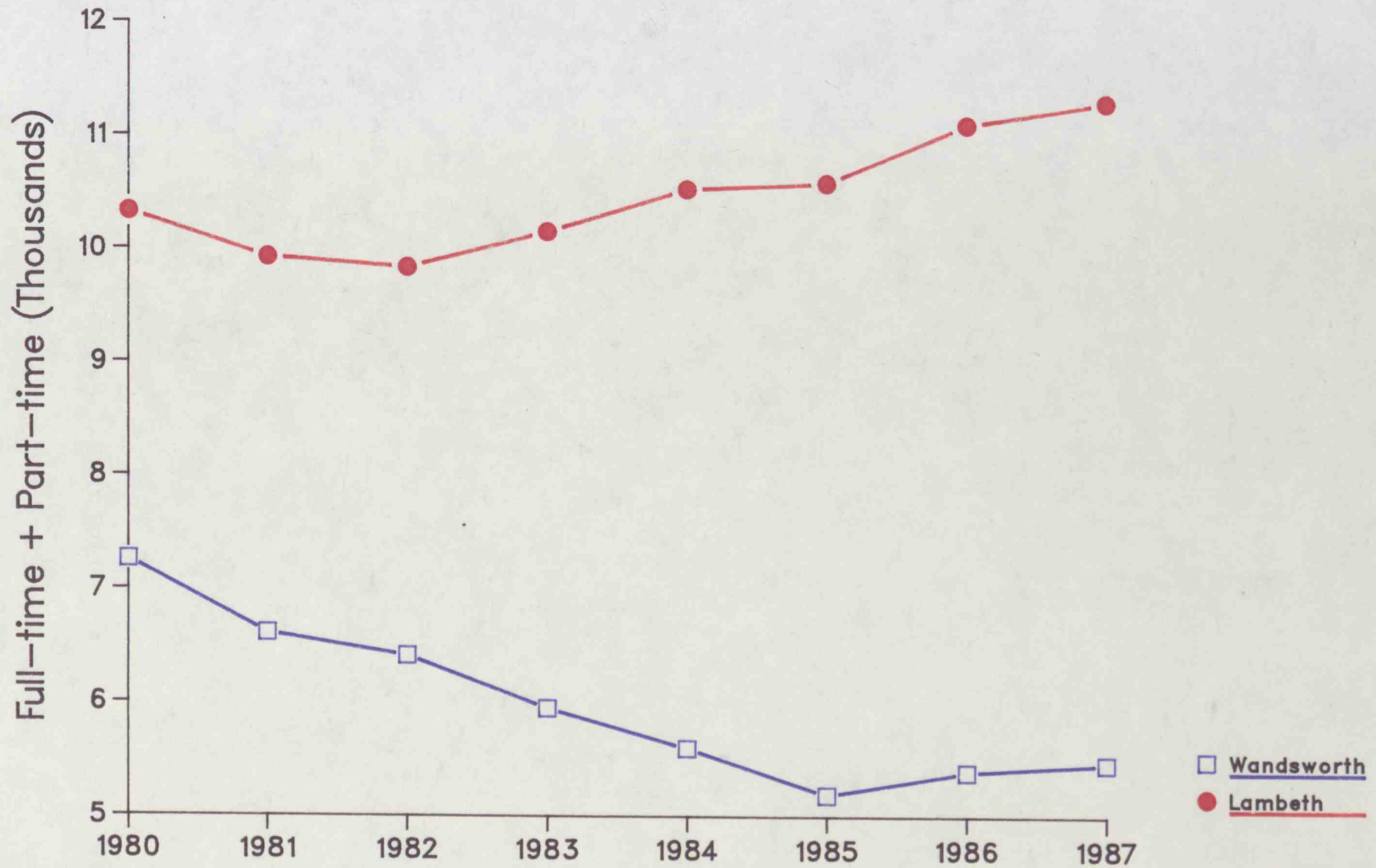
RATE FUND REVENUE ACCOUNT TRANSFERS TO/FROM HOUSING REVENUE ACCOUNT – WANDSWORTH & LAMBETH



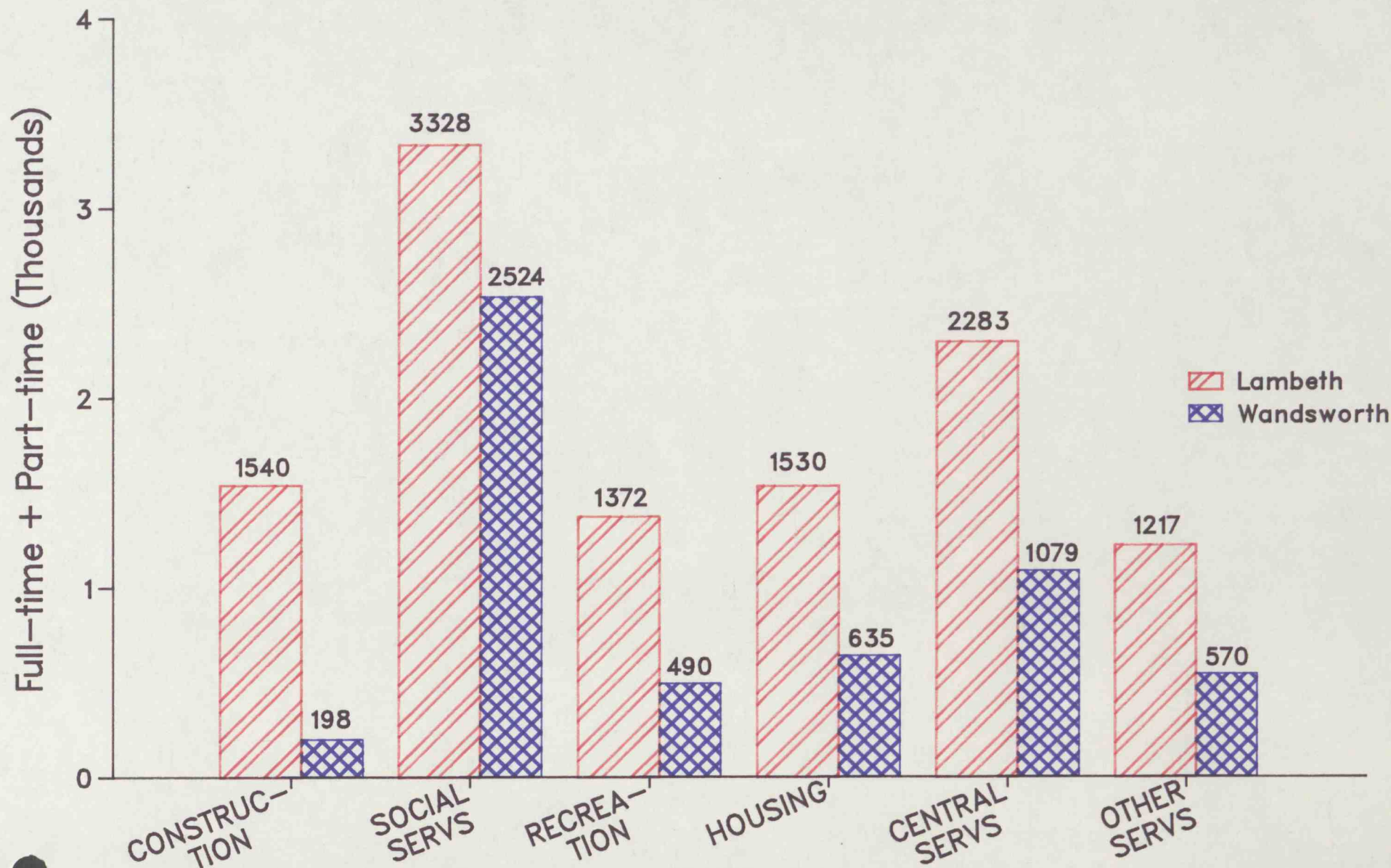
Legend

- WANDSWORTH
- LAMBETH

Total Manpower at September – WANDSWORTH & LAMBETH



Manpower in Selected Services – at September 1987 WANDSWORTH & LAMBETH



Figures above bars show numbers employed (Full-time + Part-time)

FLAS/DOE