



*NBRM  
at his dege.*

*CPD*

QUEEN ANNE'S GATE LONDON SW1H 9AT

*File*  
*25* November 1988

*Dear Nicholas*

THE COMMUNITY CHARGE BILL

*file into PG*

You copied to me your letter of 11 November to John Major. I am generally happy with your proposals on the content of the Bill but I do have concerns about the treatment of specific grant.

It is clearly right that the community charge payer should be told how much grant is provided in support of local authority services. But the approach which you propose would require accounting adjustments to be made to the precepts levied on the fund and to the needs assessments, both of which will be calculated net of specific grant. This will complicate the preparation of the Bill for what seems to be no real gain in clarity for the community charge payer on what he is being asked to pay for. Given the number of specific and supplementary grants paid to local authorities (24 are identified in the recent consultation paper on the RSG report), there is an obvious risk that errors will arise in seeking to gross up the figures, which would in any case be calculated on a different basis from those included in the RSG report and in the new planning total.

I am also concerned that since the figures would be presented in gross terms it would appear, particularly for the joint police authorities and the Metropolitan Police, that there has been a large increase in expenditure in the first year of the new system (I accept that there will be some element of this since block grant will no longer be paid direct to spending authorities). This has considerable presentational disadvantages.

In my view a better way of dealing with this would be to show specific grant payments "below the line". This would still enable the community charge payer to see how much grant in total the Government is providing, but would not require adjustments to the precept figures or the needs assessment calculations. The documentation accompanying the Bill could provide for gross spending figures to be shown and would enable the authority to provide a fuller explanation of the amount of specific grant which is being paid in respect of particular services.

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

*Yours,  
Nicholas*

The Rt Hon Nicholas Ridley, MP.  
Secretary of State for the Environment

LOCAL GOVT

Notes pt 11

